Cribune

ael Have Met Peace Talks

red Small Sessions s Together Again

gether Itamar Rabinovitch, Israel's ambas-sador to Washington, and Walid Moallem, Syria's ambassador to Washington.

Both Syria and Israel accepted, and since then, the two men have held about two dozen meetings with the chief American negotiators, Dennis Ross and Martin Indyk, as many as three times a week. They bave met in both the State Department in the presence of Mr. Christopher and in private settings such as Mr. Ross's home.

Administration officials said the talks were not a duplication of the secret negoti-ations between Israeli and Palestinian offi-cials in Norway that led to their peace

agreement in September 1993.
"It ain't Oslo two," an administration official said. "One difference is that Oslo was completely secret until an agreement was reached. Another is that the sense of urgency that was evident in the PLO's negotiations with Israel is not evident

Nonetheless, the talks are important for several reasons. They illustrate that despite the public insistence by President Hafez Assad of Syria that he rejected the proposal by Prime Minister Yitzhak Rabin of Israel to hold secret negotiations, the two sides have done just that.

Both they and the Americans are convinced that the small, unpublicized meet-

ings provide an effective track to resolve misunderstandings and complement trips by Mr. Christopher to the region.

In many ways, Mr. Rabinovitch and Mr. Moallem are a perfect fit. Both have close relations with their leadership back home, both have written books on Syria's postcolonial history, and they are on a first-



Chief Warrant Officer Bobby Hall during a press conference in South Korea on Friday after his release by the North.

U.S. Readies Sanctions List in Dispute Over Pirating in China

... Mr. Clin-ze he attached

iso his concern ement was run-

ides have not atie gap between them

ive used their contacts to ences and make progress on s ol what they call the "four

r framework for peace. .ust February, Syrian and Israeli

egations met in large, formal meetings

as the State Department as part of a multi-track process that began in Madrid in late 1992. Those talks broke down when Syria suspended negotiations to protest the kill-ing by a Jewish settler of 30 Palestinians at

a mosque in the Israeli-occupied West

May, Secretary of State Warren M. Chris-

topher proposed that the United States

bost quiet meetings that would bring to-

But during a trip to the Middle East last

Bank town of Hebron.

WASHINGTON — The United States is preparing to target more than \$1 billion in Chinese products for possible trade sanctions because Beijing has failed to curb piracy of American computer soft-ware, movies and other intellectual proper-ty. U.S. sources said Friday.

The action threatens to spark a trade was with one of America's major trading partners. Beijing, while saying sanctions would not lead it to alter its policies, has

China again defended on Friday its efforts to protect intellectual property rights. saying it had made great strides in protecting foreign trademarks.

The Clinton administration bad set a Friday deadline for China to agree to

stricter enforcement or tace pumpye tariffs on its exports to the United States.

ng to sources close to the dispute, who

talked on condition of anonymity.

Mr. Kantor's office refused to comment publicly Friday on the administration's plan for China, except to say that an announcement was scheduled for Saturday.

One source said the Chinese products targeted for punitive tariffs would be in textiles, apparel, toys and electronics, the four areas that account for the bulk of

products in the first 10 months of the 1994.

From that preliminary list, U.S. officials would select the final list of products that will be subject to punitive tariffs of up to

Actual sanctions would not go into effeet until after a 30-day comment period. During that time, American importers would be given the chance to argue that

threatened to retaliate against any U.S. will be made by the U.S. trade representa-action with sanctions against American tive, Mickey Kantor, on Saturday, accord-exported a record \$32.4 billion worth of extensive harm to American businesses

If history is a guide, both sides could find a way to resolve the dispute over the next month and avoid imposition of sanctions. Both the Bush administration and the Clinton administration have gone so far in to publish actual target lists against Chinese products, only to withdraw the

See CHINA. Page 5

Kiosk

Protein Injection Fights Tumors

Researchers in California have dis-covered a notentially powerful way to make cancerous tumors shrink with an injection of protein.

In experiments on animals, scientists said, two special types of proteins block the growth of blood vessels that feed tumors, starving them and making them

The researchers from the Scripps Re-search Institute in San Diego, who reported their findings Friday in the scientific journal Cell, performed the experiments by grafting fragments of human caneers onto chicken embryos. mice and rabbits. The scientists said they expected to test the proteins in humans in about 18 months. (Page 3)

Box 45 Crassword

Page 6. Page 17. Weather



licemen in the West Bank city of Jericho demonstrating their skills Friday in an early celebration of "Fatah Day," which falls on Jan. 1.

Can Yeltsin Survive His Chechen War?

By Steven Erlanger

New York Times Sornee

MOSCOW — As Russian troops grind toward the bombed-out center of Grozny. the capital of the hreakaway Chechen republic, this has become inescapably Boris Yeltsin's war. It has gravely stained his

NEWS ANALYSIS

presidency and damaged his reputation, and with elections scheduled 18 months from now, he is increasingly being regarded as a lame duck. Perhaps his famous nose operation on

the eve of the invasion, Dec. 10, was an effort to hide from direct responsibility for Chechnya. Or perhaps, as some liberal democrats here suggest, without any evidence, the war was pushed on the Russian president unwittingly. Either way, be has identified himself with it now.

Politically, Chechnya almost surely means that Mr. Yeltsin will be a one-term president. While he is only 63, the average life expectancy of a Russian male is 59. and Mr. Yeltsin, hardly in the pink of Mr. Yeltsin down, eroded his popularity

Fire Threatens Disaster, Rebels Say

An explosion touched off a blaze in a refinery outside the capital of Chechnya, officials there said, adding that the fire could spread to a nearby ammonia storage facility and cause an environ-

pulling out at the same time. Page 2. health, has had an excruciatingly difficult

three years. It was always a question whether he would run for a second, four-year term in June 1996, or whether he was simply going through the motions, to forestall a precipi-

The likelihood now, after Chechnya, is that Mr. Yeltsin will not run, or that if he does, he will not win. Many politicians and diplomats now fear be might cancel the elections altogether. The years of Russia's painful, lurching transition toward a semidemocracy and semimarket have ground

tate scramble for succession.

and stained his aura of political righteous-

mental catastrophe. Meanwhile, the Chechen leader, Dzhokar Dudayev, of-

fered to begin a truce but added a con-

dition that Russian troops must start

ness.
"Yeltsin has no political future," said Sergei N. Yushenkov, the chairman of Parliament's defense committee. "Even if the situation improves in Chechnya, the most he can expect is a decent departure from political life."

Mr. Yeltsin may have survived the mor-al stigma of shooting tank shells into the Russian Parliament, an act supported by Westernized reformers and oberal democrats such as the former prime minister. Yegor T. Gaidar.

But the Chechnya invasion, and the use See YELTSIN, Page 5

Freed Flier Says Co-Pilot Died in Crash Of Helicopter

News Dispels Suspicion That North Koreans Executed U.S. Soldier

By Michael R. Gordon

WashingTon—The American pilot who was released by the North Koreans has told American investigators that he pulled his co-pilot away from the burning wreckage of their helicopter but that the co-pilot appeared to be fatally injured, administration officials said Friday.

The information given by army Chief Warrant Officer Booby Hall, who arrived back in the United States on Friday after 13 days in captivity, is significant because it dispels suggestions that the North Kore-ans executed the pilot.

. Mr. Hall also said he had not been physically abused by the North Koreans, but had been pressured to sign a confes-

The account of the episode, officials said, was based on a preliminary debriefing of Mr. Hall by U.S. officials. The pilot was flying to Tampa, Florida, to be reunited with his wife and family and was expected to provide a fuller account en route.

In a briefing for reporters, the Pentagon withheld details about the death of the copilot, David M. Hilemon, pending notification of his family. But other Pentagon officials, drawing on the debriefing of Mr. Hall, provided new details about the star-crossed mission.

The Pentagon said that Mr. Hall did not know he was flying over North Korea until the helicopter was downed. He did not notice any shots and discovered he was in trouble only when the helicopter malfunc-tioned, the windscreen shattered and the chopper fell out of the sky.

[A senior Pentagon official said earlier that Mr. Hall did not have any indication he was being shot at, Reuters reported from Washington. "He has not confirmed he was shot down" but was "apparently shot down," the official said.]

Mr. Hall flew the disabled helicopter to the ground, still believing he was in South Korea, and tried to pull his rellow pilot to

Andrew Pollack of The New York Times reported from Seoul:

The State Department official who won the pilot's release sought to reassure a nervous South Korea on Friday that the United States had not struck any bargains with North Korea to gain the airman's

Thomas Hubbard, deputy assistant sec-retary of state, went as far as to say that he and a State Department colleague had not even negotiated with North Korea during their two days in the capital of Pyongyang, but merely had pressed for Mr. Hall's

"Dick Christenson and I did not go to Pyongyang to negotiate Bobby Hall's re-lease, and we did not negotiate," Mr. Hubbard said at a news conference in which he provided the first account of his mission to the communist nation.

He later added: "I'm not saying that the North Koreans did not raise any new issues. But I'm saying that there are no new issues recorded in this agreement."

But Mr. Hubbard's assurances were not completely accepted in Scoul, where many people think that North Korea has exploited the belicopter incident to open a new channel of communications with the United States, to the exclusion of South Korea.

"I think North Korea succeeded," said Yu Suk Ryul, a North Korea expert at the See KOREA, Page 3

2 Slain as Gunman Attacks Abortion Clinics Near Boston

Compact to Our Staff From Dogatches

BOSTON - A gunman dressed in black opened fire with a rifle on staff and patients at two abortion clinics in a Boston suburb on Friday, killing two women and wounding at least five other people, police and hospital sources said.

The governor of Massachusetts, William Weld, immediately offered police projection to other abortion clinics in the state. Police and ambulances rushed to the scene of the shootings, which occurred at

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the Planned Parenthood clinic and the Preterm Health Services clinic, a short distance apart on the same street in Brookline. There was no immediate arrest.

Local radio stations quoted witnesses as saying that a man dressed in black had walked into the Planned Parenthood elinic and opened fire, killing one woman instantly and wounding at least three others.

"He drops the duffel bag, pulls out a the incidents of deadly violence at abor-rifle, a hunting rifle, big," a man who

witnessed the sbooting said. "She is now about two yards away, he hits ber."
"The girl near the photo machine is six

yards from him. Bang, bang: I heard five shots," the witness, who was not identified, added in a television interview.

The witness said he then ran into a side office and alerted a security guard, who was also shot by the gunman. The killings in Brookline bring to five

Florida abortion clinics. CBS radio news, which reported at least four wounded at the Planned Parenthood clinic, said that a Planned Parenthood official, Edith Salzman, had been speaking to a clinic official when the shooting oc-

curred. "The clinic director was on the phone with me," Ms. Salzman said. "I heard three

See SHOOTING, Page 3

people have been killed in shootings at

U.S. Influence Eclipsing French in Haiti

By Larry Rohter New York Times Service

PORT-AU-PRINCE, Hait - American soldiers are still patrolling the streets, but now they are being joined by American advisers to government ministries. American aid workers and American husinessmen. Tecnage Haitians from wealthy families, eager to appear trendy, now drive around with their car radios tuned to the American armed forces station that broad-

For a nation whose language is French-based and has traditionally identified itself with France and French culture, three months of living under an American military presence have brought about a basic shift in attitude.

Though the country's Francophile elite is resisting. Haiti is rapidly slipping out of the French orbit and looking more than ever to the United States as its main foreign model and patron. many Haitians and foreign diplomats say.

"One of the results of the Haitian crisis of the last three years

is that France and French culture are going to take a back seat.

and their role is going to be diminished here," said Lionel Delatour, a Haitian business consultant and former diplomat. "I think the momentum is unstoppable, and I think it's a healthy development for this country."

An American official was even more categorical. "Sept. 19 was a death knell for French influence in this country," he asserted, referring to the date 20,000 American troops began landing here to restore Haiti's exiled president, Jean-Bertrand Aristide, "They basically ceded the territory to us, and now they are steamed about it.'

As a result of the intervention, the United States has thousands of soldiers here, has pledged more than \$200 million in foreign aid and maintains an embassy with more than 75 diplomats. France is represented by 100 gendarmes, an aid package of about \$60 million and an embassy whose small staff has been headed by a charge d'affaires who says that "the vision

See HATTI, Page 3

From \$4.5 Million to \$1

Gingrich Gives Up Advance on Book, Saying He Bows to Public Criticism

By Peter Applebome New York Times Service

MARIEITA, Georgia — Respond-ing to criticism from both Republican friends and Democratic foes, the in-coming House speaker, Newt Gingrich, on Friday announced he would forgo a \$4.5 million book advance that had been criticized as giving the appearance of cashing in on his party's historic electoral gains in the November elec-

Mr. Gingrich said he would instead take a \$1 advance and earn only royalties from sales on the books.

Mr. Gingrich, who had earlier dis-missed as "silly" criticism of the advance for two books on conservative ideology, defended the legality and ethics of the proposed contract but said he did not want to do anything that might detract from the Republican electoral victory and the ambitious legislative agenda he as much as anyone has helped define.

"We're about to have the first Republican Congress in 40 years," he said. "And I did not want to walk in next Wednesday and give the embittered de-fenders of the old order something that they could run around and yell about."

He said he still planned to write the books, however, and assumed his share of the royalties would be adjusted upward as a result

His agent, Lynn Chu of Writers' Representatives Inc., said that with or without the advance, she was sure Mr. Gingrich will do well under the contract. HarperCollins Publishers plans a first printing of 750,000 for the first of the

Ms. Chu said she was "quite confident" Mr. Gingrich would make at least \$4.5 million in royalties.

"It may make far more than \$4.5 million in the end," she said.

Mr. Gingrich, casually dressed and appearing breezily unfazed by the furor over his book, began a news conference Friday at his Congressional office in suburban Atlanta by ticking off major politicians who have written books while in public office.

"No less than 23 current Senators, his Vice President Al Gore, have published books while in Congress," said. "Those include party leaders Mitchell and Dole and they run the gamut ideologically from Claiborne Pell

See BOOK, Page 3

By Michael R. Gordon New York Times Service

WASHINGTON - The Clinton administration has directly criticized Russia's handling of the Chechnya cri-sis for the first time, warning Moscow Grozny be ruled out," the State Deto stop its attacks against civilians.

The warning reflected growing concern that indiscriminate Russian bombing of civilian areas of Grozny, the Chechen capital, is undermining the government of President Boris N. Yeltsin and exposing the Clinton administration to the charge that its sup-port of Russia's actions in the hreak-away republic shows indifference to the lives of Chechen civilians.

"We are deeply disturbed by the

By Barry James

PARIS — Spurred by an ideal that

helped undermine communism in East-ern Europe, more than 100,000 young

people have poured into Paris for a five-

Clad in jeans and lugging backpacks, they crowded into an exhibition center to

meditate and sing bymns with members

of the monastic community from Taize

in central France, which is reaping the

fruit of years of quiet, often clandestine

activity throughout Eastern Europe.

About half of those attending the meet-

ing are from former Communist coun-

Brother Emile, a Canadian member of

the ecumenical community, said the

Taizé brothers started working in East-

ern Europe in 1962, creating a large

number of small circles that stressed prayer and social action. They influ-

enced both Roman Catholic intellectuals

By Stephen Kinzer

Yew York Times Service

ring factions in the conflict that

has convulsed Bosnia-Herzego-

vina for 33 months continued

on Friday to inch toward a

four-month cessation of hostil-

ities that United Nations medi-

ators hope will be a prelude to a

political settlement of the war.

cord this weekend, the senior

UN commander, Lieutenant

Seeking to conclude an ac-

ZAGREB, Croatia -- War-

day prayer marathon.

bombing of the Grozny orphanage less than 24 hours after President Yeltsin ordered on Tuesday that bombing strikes which could lead to fatalities partment said Thursday.

Referring to Moscow's random bombing raids, the State Department pointedly warned the warring sides to respect the Geneva convention regarding the protection of civilians. The warning represents a significant

change in tone and substance from the administration's previous statements regarding the Chechnya affair.

A resident of Sleptsovsk talking to Russian border guards Friday at the checkpoint between Chechnya and Ingushetia.

100,000 Youths Invade Paris for Prayer

in Poland and the Protestant-led demo-

Susanne Patitz, a 24-year-old viola

player with the German Symptony Or-

chestra, who defied her East German

teachers to join a Taize prayer group

eight years ago, said it was a means of

reaching out to people beyond the Berlin Wall. When the wall fell and sbe was able

to visit Taize for the first time, "it was

meeting for young people organized by the community and is also the biggest. It

challenged participants to ask what gives meaning to life and what can each person

do in the presence of conflict and suffer-

ing, "We come to ask questions, not to find answers," Miss Patitz said.

Organizers turned four austere halls at

Paris exhibition center into copies of

the main church at Taize, with saffron-

colored drapes and icons glittering in the

light of hundreds of candles.

As Bosnia Deadline Nears, UN Has 'Work to Do'

The Paris encounter is the 17th annual

like coming bome," sbe said.

cratie movement in East Germany.

Previously, the administration has said that the fighting in Chechnya was

an internal affair to be bandled by the Russians. The administration still believes that Russia is entitled to impose order on the hreakaway republic and that the territorial integrity of the Russian republic should be maintained. hut has always expressed concern for

the safety of civilians. During his visit to Moscow two weeks ago, Vice President Al Gore described the crisis as an internal matter while Defense Secretary William J. Perry only briefly discussed the situa-non in his Dec. 16 meeting there with General Mikhail Kolnesnikov, the chief of the Russian general staff.

After the Russian military staged its air strikes, prompting complaints by

halls, private homes and schools all over

Paris and beyond. The meeting will end

The 79-year-old founder of the com

munity, Brotber Roger, established

Taizé with three companions after the

liberation of France in 1944. Their pur-

pose was to turn their house near the

medieval monastic center of Cluny into a place of reconciliation. The brothers,

who take vows of poverty, chastity and obedience, include Roman Catholics,

Although Brother Roger, a Protestant,

envisaged a quiet life of work and prayer,

the haven of peace in the Burgundy

countryside developed into a magnet for

young people. To accommodate the

swelling crowds, the hrothers had to

huild a large church, then enlarge it.

They developed a simple liturgy and

their own distinctive hymns to reflect a

community of many denominations and

If the accord is signed, medi-

ators will then face the more

daunting challenge of persuad-

ing the Bosnian Serbs to accept

a comprehensive peace plan

proposed by the five-nation

Contact Group earlier this year.

nian government has accepted

the plan, which would give it

and its Croatian allies control

over 51 percent of the country's

The Muslim-dominated Bos-

Protestants and Eastern Orthodox.

rights, the State Department slightly adjusted its response, though even then its statements were mild.

The administration's new criticism of the Russian bombing raids does not mean that it has dropped its basic support for the Russian government in its conflict with the Chechens. But the administration wants the Russians to conduct the operation in a more humane way and does not want Moscow to be too quick to resort to force in dealing with other crises, administra-

Additionally, the administration is

light in Chechnya.

The new Republican-controlled Congress is likely to take a more skeptical line toward Russia, and even Democratie lawmakers have begun to express their unease with the adminis-

tration's approach.
"I do not think we should describe
it, as we have, as an internal matter," Representative Lee H. Hamilton, the Indiana Democrat who is outgoing chairman of the House Foreign Affairs Committee, said in a broadcast interview. "I do not think we should say, as

Rebels Condemn **Oil Refinery Blast**

Not Our Fault, Kremlin Says

GROZNY, Russia - Chechen and Russian troops elashed outside Grozny on Friday, and officials in the region warned that a refinery fire threatened an environmental catastropbe throughout the

The Chechen leader, Dzhokar Dudayev, offered to begin a cease-fire at 8 P.M. on Saturday but attached the condition that Russian troops must start pulling out at the same time, the Russian news agency Postfactum said.

There was no response from Moscow, which has made clear that its troops will stay in the breakaway region until the rebels capitulate.

Foreign Minister Andrei V. Kozyrev of Russia said the crisis was a tragedy but insisted that force was the only solution.

"Of course it is a tragedy and I think that, faced with a similar tragedy, any other democratie state would have behaved in the same way," he said. "We are in a situation where there is no other choice."

Russia's government information center said two soldiers were killed when Chechen forces tried to break Russia's grip on the rebel capital in overnight fighting.

A Chechen official, quoted by Russia's Interfax news agency, said the fire at the refinery could spread to a nearby ammonia storage facility, causing an environmental catastropbe,

A reporter in Sleptsovsk, 60 kilometers (40 miles) from Grozny, said a column of black smoke billowed up from the direction of the capital on Thursday evening. A cloud of smoke was still visible in the early afternoon on Friday.

Mr. Dudayev appealed for help from the United States and European and Arah oil-producing countries to put out the fire. Interfax said.

refinery was hit during a Rus- monia would spread for 10 to sian attack early on Thursday. Russia denies its planes bombed the refinery.

Russia sent troops into Chechnya on Dec. 11 to crush the largely Muslim region's three-year bid for independence. The Chechens bave fought hard to prevent Grozny from being sealed off.

"The resistance has been very strong," Russia's defense minis-ter, General Pavel S. Gracbev, told Commonwealth television. Valentin Kovalyov, the Com-

munist deputy speaker of Rus-

which is the military wing of the

ment, said he had been appointed to head a new "temporary buman and constitu-tional rights commission" that would soon enter Chechnya.

The appointment, decreed by President Boris N. Yeltsin, was a clear sign of the Russian leader's disapproval of his current burnan rights representative, Sergei Kovalev, who has spent the last two weeks in Grozny lambasting Moscow's hard-line official policy.

■ Yeltsin Message to Troops The New York Times reported

from Moscow:

President Yeltsin told up to 40,000 Russian servicemen Friday in a boliday message that "everyone will he thinking about you this New Year," and assured them: "I am convinced the people of Chechnya will see the importance of what you are doing, in the name of preserving the motherland, a united and indivisible Russia."

The Russian government press service denied that Rus-sian bombs or shells had hit the oil refinery and blamed the damage on Checben forces trying to blacken Russia's reputa-

This bas been a regular theme of the official Russian communiqués. The Russian statement said that there had been no bombing of Grozny overnight and elaimed that all Grozny refineries bad been mined on the

orders of Chechen leaders. A Chechen official expressed concern about a large storage tank of ammonia, telling Interfax: "If it catches fire, an ecological disaster will hit the entire North Caucasus."

But Russian Army intelligence told the same agency that if the 10 to 20 tons of ammonia exploded, people would be killed in a range of between 220 A Chechen reporter said the and 380 meters. Gaseous am-12 hours over a range from 1 to 1.25 miles, the Russians said. "Even if the worst happens," the Russian government press service said, "the explosion will

> In his message, Mr. Yeltsin said: "There is no more important task for me in the next year than to restore normal life in Chechnya, North Ossetia and

> cause no environmental disas-

Ingushetia. But the political unhappiness over the Chechnya invasion continued in Moscow, even among Mr. Yeltsin's advisers most expert on the Caucasus.

"All this time, the president has had too-optimistic sources of information," said Leonid K. Smirnyagin, the bead of regional issues for the President's Analytical Center. He said that eight members of the advisory Presidential Council have asked Mr. Yeltsin to meet the council soon, but have had no answer.

Quake Hits Eastern Turkey

ANKARA - A moderate earthquake measuring 4.5 on the Richter scale and centered near Erzincan shook eastern Turkey on Friday, Anatolian News Agency reported. There were no immediate reports of damage.

WORLD BRIEFS

16 Hurt in Clash at Jewish Settlement

AL KHADER, Israeli-Occupied West Bank (AFP) - At least 16 people were wounded Friday when about 2,000 demonstrators fought Israeli soldiers with sticks, stones and fists during a protest

over the expansion of a Jewish settlement.

The clashes occurred as Palestinians and Israeli leftists attempted to march on a construction site at the Ephrat settlement near here, where buildozers were preparing the ground for 500 homes to be built. Palestinian sources said that 15 demonstrators had been wounded. Army officials put the number of injured at 16, including 6 soldiers and 10 Palestinians. No shots were fired.

including 6 soldiers and 10 reasonnais. No shots were fired. The Palestine Liberation Organization chairman, Yasser Arafat, urged demonstrators in a message relayed over loudspeakers "to keep up the fight to liberate your land," ignoring an Israeli military ban on protests at the settlement.

Austrian Plans Citizens' Movement

VIENNA (Reuters) — The leader of Austria's far-right Freedom Party, Jörg Haider, announced plans on Friday for a citizens' movement to break the postwar grip of the country's two mainstream parties and lead to a "Third Republic" offering direct

Mr. Haider said be would launch the "Citizens 98" alliance at a party congress in the city of Linz on Jan. 14 and 15. The 98 in the title refers to the year of Austria's next scheduled general election, which will probably see Mr. Haider in the running for the chancellorship.

The Freedom Party scored its best-ever result in a general election last October, capturing 23 percent of the vote while the leading Social Democrats and Austrian People's Party conservatives had their poorest performance in half a century.

Bangladesh Opposition Rejects Deal

DHAKA, Bangladesh (Reuters) — The opposition rejected on Friday an offer by Prime Minister Khaleda Zia to resign one month ahead of elections due in 1996, dismissing the offer as a "ruse to buy time" and "useless and ineffective."

"It's too late and there is no scope for considering it," said an opposition leader, Mohammed Nasim. "Such an offer is uscless and ineffective after the opposition had resigned from Parlia-

Mrs. Khaleda said Thursday that her government would step down 30 days before elections due in March 1996. The opposition, which resigned en masse from Parliament on Wednesday, has demanded that she resign now, allowing a caretaker administra-tion to organize early elections.

Tapie Accused of Hitting a Detective

POINTE-A-PITRE, Guadeloupe (AFP) - The embattled French business executive and politician Bernard Tapie is in trouble again, this time for allegedly hitting a policeman, said a source in this French Caribbean territory.

The policeman has accused Mr. Tapie of hitting him while he was staking out the politician's house in the French section of the island of Saint Martin, the source said Thursday, adding that the policeman, a detective, had begun legal proceedings against Mr.

Mr. Tapic, a deputy in the European Parliament, was declared bankrupt by a Paris court on Dec. 14, a decision that bars him from public office for five years and ends his plan to run for mayor of Marseille. He is appealing the decision.

Polish Budget Altered to Avoid Veto

WARSAW (Reuters) — Poland's governing coalition voted on Friday to remove tax and wage regulations from the government's 1995 draft budget in a bid to prevent a possible veto of the budget by President Lech Walesa.

Deputies in the lower bouse of the National Assembly, voting on a series of amendments to the hudget before its final adoption, voted overwhelmingly to remove the regulations, which had been challenged by Mr. Walesa and the opposition as unconstitutional

Fatal Blast Rocks Hotel in Istanbul

ISTANBUL (Renters) — A bomb exploded in the five-star Marmara Hotel in central Istanbul on Friday, killing a Turkisb woman tour guide and wounding two men, hotel officials said. No group has claimed responsibility for the attack, hotel officials said. Two Turkish men, including a leading poet and film

critic, Onat Kutlar, were wounded by flying glass.

Istanbul been shaken this year by bombs planted by the separatist Kurdistan Workers Party as well as by Islamic fundamentalists and the leftist urban guerrilla group, Dev-Sol.

Israel Warns Iran on Nuclear Threat

JERUSALEM (AFP) — Israel may take action next year to thwart Iran's nuclear program and prevent it from posing a

military threat, an Israeli Army general has warned. The significant advance in Iran's nuclear capabilities could lead Israel to take a decision on this matter next year," the army's planning chief, Uzi Dayan, told a conference at Tel Aviv University. Israel, he said, "must observe, develop countermeasures and prepare for decisions aimed at removing this threat." He did not elaborate.

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Israeli officials, alarmed at Iran's military potential, have urged the West to tighten controls on the export of sensitive technology

TRAVEL UPDATE

London Deregulates Its Bus Queues

LONDON (AFP) - One of London's traditional sights, the orderly line of people waiting for the bus, will cease to be underpinned by the law starting Sunday. London Transport said it was abolishing a legal requirement, dating to 1937, that passen-

gers wait in line.

The regulation bad fallen into disuse, it said, and no one could remember the last time a prosecution bad been brought for failure to respect a line.

"I don't think we are going to see a lot of barging in at bus stops or riotous behavior," said a London Transport spokesman. "We're still a fairly well-mannered society."

The Champs-Elysées will be closed to traffic before midnight on Saturday, New Year's Eve, to "facilitate the holding of festivities." Paris authorities announced. The avenue will be closed from 10:30 P.M. to 5:00 A.M. Sunday. The Spanish national carrier Iberia has halted flights to Algeria because of security concerns.

Belgian truck drivers opposing a road tax suspended traffic blockades on Friday for the New Year's holiday weekend but warned that the protests would resume next week.

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2d Plane Was Threatened in Algiers, Pilot Reveals "Ten minutes earlier I was be- the Airbus A-320 took on board

PARIS — Warned by French airport security police that he could be the next hijack target, the pilot of a French jetliner said Friday that he quickly took off from Algiers airport last Saturday, minutes after an Air France jet was commandeered.

The Air Inter pilot, speaking on French state radio, said the Algiers control tower failed to inform him about the hijacking of an Air France jet when he was on a landing approach.

The development was likely to raise further concern over the safety of the airport, whose ed Monday in Marseille with

three passengers and the four Muslim militant hijackers dead. Muslim militants in Algeria said in a newsletter that "the war against France has become a legal right" after French commandos killed the hijackers. Militants bave already struck at French targets in Algeria.

General Michael Rose, met in

Sarajevo with Vice President

Ejup Ganic of Bosnia and then

traveled to Pale for talks with

cial said in Sarajevo that the

ehief UN envoy to the former

Yugoslavia, Yasushi Akashi,

would go to Sarajevo on Satur-

day in an effort to elinch an

accord for a cessation of hostil-

The official said that Mr.

A Bosnian government offi-

leaders of the Bosnian Serbs.

When the Air Inter jet arrived at the gate, the hijacking had begun 30 minutes earlier. "and the tower didn't tell us anything," said the pilot. "It was French security police with Air France who said to leave as

quickly as possible." "We let off the passengers, closed the doors and took off," the pilot told France Info radio.

Akashi would seek to bridge

"serious differences" between

there is going to be a deal by

in and around the northwestern

town of Bihac, hut the rest of

the country was calm as both

Bosnian government and Bos-

nian Serbian forces continued

to observe a cease-fire negotiat-

January 1st," the official said.

"He has some work to do if

Sporadic combat continued

the two sides.

ed last week.

they missed the Air France plane they could have taken

to repeat itself on board the "I can't say more." other plane.

ginning my descent. I could an Air France technician and have turned around right flew back to Marseille with away." harely enough fuel to make the trip. The pilot and a company have been seized on the ground spokesman later said the plane at the same time." he said. "or if normally does not refuel in Alnormally does not refuel in Al-

The Air Inter spokesman reached by telephone Friday, The French daily Le Figaro confirmed that the plane took reported that the Air Inter off "relatively quickly" from plane, an Airbus A-320 that ar- the Algiers airport with the bagrived from Marseille, was told gage still on board. Asked by the control tower that "the about a threat, she said an insame operation seemed about vestigation was under way, and

Algerian authorities bave ac-The paper, quoting an un-knowledged a lapse in security identified Air Inter source, said at Houari Boumédienne Air-

0800-10012 Finland(CC)+

port and promised to take ac-tion, but foreign transporters remained wary. The Islamic Salvation Army.

Islamic Salvation Front, said Friday in its newsletter that the conflict bad become "an obligation dictated by the laws of war" after the Airbus hijacking "clearly showed the collaboration" between the Algerian and French governments.

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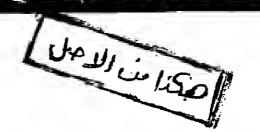
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THE AMERICAS /



Bobby and Diana Hall, parents of the freed pilot, at home in Brooksville, Florida.

'Of Course We Spy on North' But Not, U.S. Adds, With 'Dinky' Aircraft

SEOUL — "Do we spy on North Korea?" the U.S. military official said ruefully. "Of course we watch North Korea Every day. But we would never use that rinky-dink little helicopter to do it."

For military officials here, the observation sums up a basic irony in the case of the army helicopter that went down two weeks ago in North Korean territory. Pyongyang declared that the incident was proof of U.S. espionage. Americans said there is, in fact, regular electronic eavesdropping on North Korea — but that the downed helicopter had nothing to do

The aircraft that went down in North Korean territory Dec. 17 was an army OH-58A Kiowa helicopter — a lightweight, low-tech, short-range craft with minimal electronic gear, according to the army. Officials say the two men aboard were not even carrying weap-

U.S. officials say North Korea's hypersensitive inlitary may believe that Mr. Hall's helicopter was just another form of spying. But the U.S. Army strongly denies this.

In describing the helicopter flight last search and rescue missions.

week, just after the incident, they said it was almost langhable to think of the OH-58 as a

spy craft. This is the "Nash Rambler of helicopters," said Jim Coles, chief information officer for the U.S. 8th Army headquarters bere. "If you put more than four people in it, it can't take off. It has a peak speed about 90 mph, and less than that with two guys in it. It has one low-powered line-of-sight radio, so you can't even comminicate with the thing if it's on the other side of a mountain other side of a mountain,

This hebicopter has a lot of glass, and that right there tells you it's not for espionage," a veteran officer said. "Spying is almost all electronic now; our spy stuff doesn't have

In mission terms, the OH-58 helicopter is a modern version of the scout who used to ride ahead of the cavalry troop to see what danger

They go down a valley looking for enemy units, and then they call back to a gunship and say. There's an enemy platoon at coordinates Alpha-62 Dog-147. Let's lay some fire on 'ern.' Then the scout gets out of there quick," an official said.

The helicopter is also used for emergency

2 Victors' in Pilot's Release

U.S. Walked a Tightrope During Negotiations

whose helicopter went down over North Korea was the result of intense negotiations that McCurry added, "the United have allowed both the United States expresses sincere regret States and North Korea to for this incident and agrees to daim victory.

tried to avoid appearing too coociliatory while refraining edged that there was "no legal from threats that could push the North Koreans into delaying the release of the pilot, Chief Warrant Officer Palvid Hillemon, who Warrant Officer Bohby Hall.

the most senior administration official to visit North Korea, the pilots ignored warning shots did not give in to two of Pyongand their belicopter was yang's demands: that Washingdowned more than 4 miles (6.5) ton apologize for spying and kilometers) inside North Korea.
that it agree to hold direct miliThe carefully worded State

tionship of distrust and suspicion between the two countries. victory.

"We've been successful," President Bill Clinton told the pilot's wife, Donna, in a telephone call sbortly before he was

Mike McCurry, the State De-partment spokesman, said the North Koreans agreed to the release after Mr. Hubbard and

Ho Kyong of North Korea ly of North Korean and Ameri-"reached a written understand- can military officials.

WASHINGTON - The ing on the incident involving a breakthrough that led to the re- U.S. Army helicopter which aclease of an American pilot cidentally straved into North

contacts in an appropriate form designed to prevent such the crisis, the United States incidents in the future."

was killed in the incident, to In securing the pilor's release, have been in North Korea's air Thomas Hubbard, deputy assisspace, Mr. McCurry said. Mr. tant secretary of state for East Hilemon's body was returned Asian and Pacific affairs and to the United States last week. According to North Korea,

The carefully worded State tary talks with North Korea Department statement will althat could lead to a peace treaty low the North Koreans to mainbetween the two countries.

The resolution did not seem to herald any change in the relational day chan

ereignty. The United States bas also But the successful outcome has agreed to improve its military sufficient ambiguity to allow dialogue with North Korea and both nauoos to present it as a totake action to make sure such agreed to improve its military an incident does not bappen again, Mr. McCurry said.

In the negotiations, North Korea demanded that the United States bypass the Military Armistice Commission, which was set up after the Korean. War under the authority of the United Nations.

release after Mr. Hubbard and
Deputy Foreign Minister Song for a new entity consisting sole-

Although the American side insists that the commission remain the framework for any talks with North Korea, senior officials acknowledged that the United States would be willing to show some flexibility.

During this incident, for example, an American two-star general representing the UN command sat down directly with his North Korean counterparts without the presence of South Koreans, who are part of the commission.

Senior administration officials said they expected North Korea to say that the United States had given in to their de-mand to bold direct talks, which is certain to cause anxiety in South Korea. But the United States has assured its allies in Seoul that it has no intention of abandoning the Military Armi-stice Commission, officials

State and Defense Department officials said it was too early to say what procedures might be instituted to prevent incidents like this ooe. One idea is to expedite communications between North Korea and the UN Command, perhaps through some kind of hot line.

General Gary Luck of the army, the senior U.S. commander in South Korea, temporarily grounded the 31-helicopter battalion in South Korea last week and ordered refresher courses for all pilots flying near the North Korean border.

Senior administration officials described the negotiations as extraordinarily difficult.

KOREA: U.S. Pilot Says His Colleague Died in Crash

Continued from Page 1

Institute of Foreign Affairs and

National Security in Secul. Mr. Huhbard spoke a few hours after Mr. Hall, looking solemn, tense and tired but showing no obvious signs of injury, stepped into South Korea at the border village of Pan-

A spokesman for the American military in South Korea said that doctors had found the

28-year-old airman "basically North Korean leaders did not O.K."

Mr. Hubbard said be thought the North Koreans had finally agreed to release the pilot because it was "the appropriate humanitarian thing to do" and hecause they probably had come to accept U.S. assertions that the intrusion into North Korean airspace was accidental and not an act of espionage. He also said he thought

Washington and Pyongyang, "and that their decision to do the right thing from a humanitarian standpoint reflected that common interest in the future."

want to jeopardize the recent

nuclear agreement between

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Clinton Goes It Alone on P

WASHINGTON — As Bill Clin:. his presidency in the grim weeks siadvisers say, he has consulted frier

wide, and heard them out at all he he appears to have listened mostly his chief political strategist for 20 year.

The battle over this all is going to be a president's own head," one Democratic congressman said of the White

House's effort to adapt to the new Republican ascendancy. "He thinks he can make the best decisions, and so he basically says, shovel in the facts and opinions and I'll That has long been Mr. Clinton's approach — for good, and often for ill. In the glum lull of his 1992 campaign, after the agonies of the New Hampshire primary and before the

uplift of the Democratic nominating convention, he essentially functioned as scheduler, consultant, fund-raiser and factotum — with exhausting and uneven effects. The solution then was to put James Carville, the crafty Cajun campaign consultant, in firm control. The task now is much more complex, but whether in

drafting two recent major speeches, or settling the scope of his proposed tax breaks for the middle-class, Mr. Clinton's haod was heaviest, and sometimes all but alone. The president's aides suggest he has passed from shock to fury to upbeat acceptaoce. He showed that this week in a year-end interview, saying unequivocally that he would run for reelection and that he was "not worried" ahout the possibility of a Democratic primary challenge.

Next CIA Chief Faces a Task of Rebuilding

WASHINGTON - R. James Woolsey vowed to "change the culture" of the Central Intelligence Agency. It now appears that the culture got to him first. And whoever takes on his unfinished job faces the enormous task of rethinking. reshaping and renewing the CIA and the rest of the nation's intelligence agencies from the ground up.

Several military men and iotelligence bureaucrats with

long service and impressive resumes are in the race. Chief among them is the retired Admiral William J. Crowe Jr., a former chairman of the Joiot Chiefs of Staff and one of the few top hrass to support President Bill Clinton in the 1992 campaign. He now is the U.S. ambassador io London.

Warren Rudmao, a former Republican senator from New Hampshire who served on the Senate Select Committee on

Intelligence, has the strong support of the committee's in-coming chairman, Senator Arlen Specter of Pennsylvania. If Mr. Woolsey sometimes acted too much like a corporate lawyer defending the CIA, as his critics in Congress said, Mr. Rudman would be different. He, like Mr. Specter, is a prosecutor by training and temperament.

But the early favorites are the deputy secretary of defense, John M. Deutch, who has been self-effacing about his prospects and has the backing of the outgoing leaders of the Senate Intelligence Committee, as well as Senator Dennis DeConcini of Arizona and Senator John W. Warner of Virginia, Mr. Deutch knows as much about the intelligence agencies as anyone. He and Mr. Woolsey conducted joint reviews on major intelligence issues this year, including studies of the hugely expensive programs for photoreconnais-sance and electronic eavesdropping. (NYT)

Quote/Unquote

Newt Gingrich, the incoming House speaker, on his decision to give up a \$4.5 million book advance: "You can't just be legal and ethical. I think you have to go beyond that, to do what's good for the country.'

Protein Injection May Shrink Tumors

report that, in laboratory experiments on animals, they have discovered a novel and potentially powerful way to make tumors regress with a single injection of either of two types of proteins.

The proteins, which are either genetically engineered or synthetic, block the growth of blood vessels that feed cancerous tumors, starving them and making them shrink. The proteins were not toxic in the experiments conducted by researchers from the Scripps Research Institute in San Diego and seemed not to affect noncancerous tissue.

. The researchers, who reported their findings Friday in Cell, a leading scientific journal, performed the experiments by grafting fragments of a wide variety of human cancers onto chicken embryos, and onto mice and rabbits.

Dr. David A. Cheresh and Dr. Peter C. Brooks, who headed the Scripps team, said they had not tested the proteins in humans but expect to do so in about 1g months.

thing from a laboratory and turning it into a drug for humans.

The technique also bolds promise as a new therapy for several eye disorders, including diabetic retinopathy, a type of damage that results from diabetes, and macular degeneration, a common condition of older people, the scientists said.

The new findings come from a field of research known as tumor angiogenesis. The term refers to the process by which the body secretes substances that lead to the sprouting of the new blood vessels that are needed for tumor growth:

"It is a very important finding," said Dr. Judah Folkman, who did pioneering tumor angiogenesis studies at Harvard Medical School in Boston more than 20 years ago. "It is a precedent-setting experiment."

If the proteins tested by the Scripps researchers go into buman clinical trials, they will join eight others that are now

By Lawrence K. Altman
Other scientists cautioned that the time frame for human testing might be much longer, because unexpected pitfalls often accompanied the process of taking somegrowth of cancerous tumors and preventing their spread.

But until the Scripps report, Dr. Folkman said, "no one had thought that you could get tumor regression."

The Scripps team reported that the proteins destroyed newly sprouting blood ves-sels, thus choking off the blood supply that carries nourishment to tumors and carries cancerous cells to other parts of the body. The result was that the tumors shriveled and also stopped spreading, in the process known as metastasis.

A news release from Scripps promised, in effect, that a single injection of the proteins might be the mystical magic bullet that scientists have long sought for cancer.

But in an interview on Thursday, Dr. Cheresh, who said he approved the lan-guage of the release, said that his team was not trying to oversell its findings or to create false hope. "We are not trying to say we have the cure for cancer," he said.

Away

From Politics

· Harassing someone of under federal discrimination law covering sexual ha-rassment, a U.S. district court judge ruled in a Baltimore case involving two men.

· Coors says it will not change a company policy letting employees drink a couple of free beers just before quitting time, despite a consumer group's criticism of the program.

 A man infected with the AIDS virus was sentenced to 10 years in prisoo hy a Dallas judge for raping an 8-year-old boy. Zachary Halsell, 29, pleaded guilty to attempted murder and other charges. (AP)

• The lawyer for a couple convicted in Chicago of leaving their children alone at home while they vacationed in Mexico has been accused of unethical behavior for trying to get them to turn over the rights to their story. The state commission that regulates lawyers accused Gerard C. Kepple. 47, of violating standards of professional conduct by trying to persuade his cli-ents, David and Sharon Schoo, to sign the rights to their story over to him. They declined. (AP)

e A man suspected of nur-dering a doctor 13 years ago during a mugging in New York has been charged in the case. Patrick Raynard McDowell, 30, was indicted in the 1981 killing of Dr. John Chase Wood Jr. Mr. McDowell was arrested on July 29 while he was in custody on a robbery charge. Police Detective Jerry Giorgio had suspected Mr. McDowell for years but did not get the information he needed to make the arrest until last summer. (AP)

 An off-duty policeman was shot to death by his girlfriend's 9-year-old grandson, the Tchula, Mississippi, police said, after the officer argued with the woman. Officer Eddie Donaldson, 33, was shot once in the chest after pulling over his car oo a highway during the argument. It was unclear bow the boy got hold of the gun. (AP)

Lobbyist to Pay \$5,000 Fine

Ex-Reagan Official Accused of Impropriety in Airline Case

WASHINGTON - Robert B. Oakley, the State Department counterterrorism chief during the Reagan administration, has agreed to pay a \$5,000 civil fine to settle allegations that he improperly lobbied the U.S. government on behalf of

While head of the counterter-rorism office in 1985, Mr. Oak-ley played a role in Mr. Rea-gan's decision to profibe Middle East Airlines from flying to or from the United States. The ban, still in effect, was imposed because Beirut International Airport, where the airline was based, was frequently a departure point for terror-

Lebanon's airline.

ists, the Justice Department

By Ronald J. Ostrow

Washington Paus Service

WASHINGTON — Robert

partment in 1992, Mr. Oakley lobbying. He noted that and his company, C&O Resources and another sources, were hired by the airpacity, Mr. Oakley made writ-ten and oral presentations to government officials that year and the next on the airline's behalf.

A federal conflict-of-interest which they participated personally and substantially while in government. Mr. Oakley was paid

\$100,000 in fees over two years, some of it for "improper lobbying activities," according to the stice Department.

Mr. Oakley's lawyer, Joel Co-

line to persuade the government to help lift the ban. In that cabrought in as consultant. According to court files in the case, Mr. Oakley told U.S.

government officials he contacted that he was representing Middle East Airlines, and he A federal conflict-of-interest did not recommend lifting the law bars former officials for life ban unless Middle East Airlines from trying to influence governand the Beirut International ment action on a matter in Airport significantly improved security.

"Justice Department attor-neys specifically assured us that there was no proof that Mr. Oakley acted willfully, or knew that his conduct could even possibly violate the conflict rules," Mr. Coben said in a statement for Mr. Oakley,

that he felt the heat." He said

"This is just the tip of the iceberg," Mr. Bonior said.
"There is a whole series of un-

answered questions for which

Mr. Gingrich must come

HAITI: With Arrival of Troops, U.S. Influence Eclipsing French

Continued from Page 1

of Haiti as a battlefield" between the United States and

France is "pure rubbish." "We are not here in order to have a competition with the Americans or the Canadians," said the French official, Philippe Selz. "We are here to help the Haitians get out of the mess they have been in for so many

But many Haitians argue otherwise. The French "these days are working double time to reconquer their lost terrain, first by multiplying their missions to Haiti and then by taking the initiative to push for the replacement of American forces by those of the United Nations," a front-page editorial in the daily Le Nouvelliste said

Diplomats, too, say they have detected signs of a French effort, which they regard as futile, to regain the dominance they once enjoyed. There is room for only one great power here, and everyone except the French recognizes who that is," said a representative of one Western Hemisphere nation.

Though Haiti is the poorest nation in the Americas, the international effort to rebuild the country is expected to bring a foreign aid flow of well over a billion dollars, with the nations most friendly to Haiti expected to win the bulk of the contracts. Since Mr. Aristide returned

on official visits. They all panies have also been active. hoping to snare government contracts and other business opportunities that are part of the reconstruction of the shat-

tered economy.

delegation and cultural groups than go to France.

But that effort has been over-

Washington and Eddie Murphy manding white, Hispanic and have replaced Alain Delon and Asian-American soldiers. Jean-Paul Belmondo as movie idols, the Chicago Bulls appear to have a larger following than the Marseille Football Club and rap has largely pushed

shadowed by the American aside French popular music.

The deployment of America The deployment of American capital and in the provinces. troops has also speeded the pro- American military encamp-"You can send ministers here cess, especially among the vast

'Sept. 19 was a death knell for French influence in this country,' a U.S. official asserted. 'They basically ceded the territory to us, and now they are steamed about it.'

many as a million Haitians are

The presence of many black estimated to live in the United American soldiers, including states, compared with 40,000 in several hundred who are of Haitians tim december of Haitians tim december of March 1804. The United States, they point out, occupied Haiti from France, and more Haitians tian descent and speak Creole, 1915 to 1934 and left little infin-

every week," said Mr. Delatour, majority of ordinary Haitians who studied in the United too poor to travel abroad. Hay-States. "But what the average ing so many American soldiers. Haitian sees is a man in green who bring American habits and uniform, and he is not French." entertainments with them, so Even before the troops ar- close at hand offers those Hai-

rived. American culture had tians a new insight into our culture and history argue that it been gradually displacing many culture that they have never would be premature to write off French traditions and attitudes witnessed before, a United the French, who were Haiti's here over the last 15 years. As States official said.

cooperation, a parliamentary on business and shopping trips Adults and children alike flock around them with questions As a result, a growing num- about American life and culstressed the historical, linguistic ber of Haitians, the young in ture, and some Haitians say and cultural ties between particular, have acquired a taste they have been inspired by the France and Haiti. French comfor things American. Denzel sight of black officers comfor things American. Denzel sight of black officers com-

> tion for our country, because now we see that Haitians can be the same as Americans," Francois Eddy, a 24-year-old student, said as he observed an ment near the main airport. "I suppose that could also be possible with the French, but the Americans seem to have more warmth and the French to bemore hard-headed."

"It's a good thing, a revolu-

Among Haitian intellectuals there is also a sense of gratitude at the role that black American political leaders, such as Ran-dall Robinson, the Reverend Jesse L. Jackson and the Black Congressional Caucus, played in liberating Haiti from military rule. That has fostered a greater sense of identification with the United States and its values,

But some students of Haitian 10 power in mid-October, study at American universities seems to have particularly imence behind, while France's leg
France has sent its minister of or visit Miami and New York pressed the average Haitian acy still permeates daily life. study at American universities seems to have particularly im- ence behind, while France's leg-

hen, denied that his client's ac- whose office said he could not After he left the State De- tivities constituted improper be reached.

BOOK: Bowing to Critics, Gingrich Gives Up Advance

and Barbara Boxer to Bill Cohen and Jesse Helms. So I just want everybody to understand. When we went into this having already had book contracts for three books approved by the ethics committee, we frankly thought we were doing everything that was correct."

But be said be had become convinced this week that the size of the advance was being seized upon by Democrats as a way to divert attention from the Republican agenda. And, he conceded that many Republicans apparently felt the enormous advance gave the appear-

He said he made his decision before Senator Bob Dole, who will become the Senate majority leader next week, publicly criticized the proposed contract on Thursday. Mr. Gingrich said he heard conflicting advice from friends and associates. But in the end he said he was convinced that the advance gave off the wrong signals.

Mr. Gingrich, affecting a tone of amiable puzzlement over the attention given to the issue, attributed the controversy partly to his own charged position in political life and partly to an "age of extraordinarily cynical, adversarial press, an age of a White House press corps that devoured Carter. tried to devour Reagan and lost. devoured Bush and are now

working on devouring Clin- "didn't see the light so much as

Mr. Dole, in a statement Fri- the book deal was only one of day, said Mr. Gingrich's announcement "lays to rest the book issue." Other prominent larly the funding of his political Republicans praised Mr. Ging- action committee. rich's action.

Some Democrats remained unconvinced. The Democratic House whip, David E. Bonior, at a press conference in Washington said Mr. Gingrich clean."

ance of improperty profiting cracks. She yelled; she from the party's electoral sucpened,' and I came over." Nicki Campbell, president of the clinic, said the man appeared to fire indiscriminately

SHOOTING: 2 Die in Attacks

with a rifle, reportedly .22 cali-The gumman then ran up the street to the Preterm clinic where he continued his shoot-

ing spree. A spokeswoman for Beth Israel Hospital in Boston said that three people, a man and two women, had been brought into the emergency room suffering from gunshot wounds.

hospitals. One of the wounded later died, hospital sources said.

One witness told a local radio formia, that did \$1.4 million in station that anti-abortion pro- damage. testers regularly picketed and

demonstrated outside the two

Earlier this year, a former Presbyterian minister, Paul Hill, was sentenced to death for shooting and killing a doctor who performed abortions and his unarmed escort outside an abortion clinic in Pensacola, Florida.

vent abortions from one day

becoming commonplace. Another doctor who performed abortions was murdered at a clinic in Pensacola in 1993. His killer was sentenced

to life in prison. There have also been a num-Several others who were ber of firebombings and inciwounded were taken to other dents of vandalism at abortion clinics, including a September 1993 fire in Bakersfield, Cali-

(Reuters, AP)

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de Cribune

Clinton's Legal Reprieve

In ruling that President Bill Clinton need not defend himself at a sexual barassment trial until after leaving office, in 1997 or 2001, a federal judge in Little Rock, Arkansas, has given Mr. Clinton more leeway than the constitution requires or any defendant deserves. The only mitigating element is the judge's companion ruling that pretrial evidence-gathering may nevertheless proceed. That is a fair accommodation to the need to preserve evidence for a trial that may not take place until the next century.

For all the tawdriness of her lawsuit and the surrounding circumstances, Paula Jones, a former Arkansas state employee, has raised novel legal questions and tricky political issues. Should a sitting president, while in office, be excused from the toils of litigation for actions allegedly taken before he entered the White House? Or does Ms. Jones, accusing Mr. Clinton of misconduct when be was governor of Arkansas, bave a right to

speedy resolution of her civil suit?
The president's lawyers asked Judge
Susan Webber Wright to dismiss or stay the entire suit during his tenure. They cited the Supreme Court's grant of immunity in 1982 to former President Richard Nixon, who, though long out of office, still faced a civil suit for official acts as president. That decision was based partly on the need to ensure that presidents act courageously in their official duties, but partly also on fears that litigation would unduly burden and distract a president.

Judge Wright, a 1990 appointee of Presideni George Bush who once campaigned against Mr. Clinton, cut him too much slack in her ruling. After a rambling discussion of Magna Carta and other English precedents, she proclaimed that kings and presidents are not above the law, only to then abruptly grant Mr. Clinton "tempo-

rary or limited immunity from trial."
The Nixon precedent, she said, "seems to require" the trial's postponement even though the rationale of fostering courage in the White House was lacking. Her reliance on the need to protect the executive branch from distraction does not seem weighty enough to overcome the important legal, and democratic, principle that no one is above the law.

The judge's explanation of the need to proceed with pretrial depositions, includ-ing sworn testimony by Mr. Clinton, was just as scanty but more on target. She made no mention of the Clinton lawyers' argument that pretrial maneuvering can often be as arduous as a full trial.

Judge Wright was correct to say - and higher courts may agree — that a president who obtains a freeze on litigation for three years, or seven, should not complain about steps to preserve evidence. People die, memories fade, evidence can be lost.

The court needs to exert the greatest possible efforts to keep pretrial testimony private. But there is a political risk, may-be even an inevitability, that it will leak. That risk, too, is the price that must be paid to preserve relevant evidence. Higher courts should reject Judge Wright's award of limited immunity to

Mr. Clinton for alleged misdeeds that predate his presidency. The fundamental value to protect here is the right of a citizen to get timely justice, even if the defendant has become president.

- THE NEW YORK TIMES.

Rescuing Mexico's Peso

The Mexican peso, in a free-fall for a week, has generated a crisis that endangers all of the new government's plans for economic reform. It is much in the interests of Mexico - and, not incidentally, the United States as well - to stabilize the peso rapidly and convincingly. In the emergency program announced Thursday, President Ernesto Zedillo Ponce de Leon promised to try to hold down the coming wave of inflation. But he is counting on belp from other countries. The United States has a responsibility to respond rapidly and effectively.

The explanation for the drop in the exchange rate is simple. The previous government had tied the peso's exchange rate tightly to the U.S. dollar as part of its strategy for reducing inflation. The strategy has been successful, and the inflation rate this year, for the first time in many, has been well under 10 percent, But because Mexico's inflation rate was greater than that of the United States, its exchange rate became artificially high. Mexico lowered it slightly from time to time but never enough to compensate fully for the erosion that inflation was inflicting.

The strategy counted on fast growth in the long run to strengthen the economy and bring the real value of the peso back up to its exchange rate. But things have not worked out that way. Growth has been insufficient to lift the currency, and there has been a succession of political events that have made investors uneasy. Two major political figures bave been assassinated this year, and the peasant rebellion continues in the southern state of Chiapas, Although the Chiapas uprising is not directly relevant to the peso, developments there may have been the

trigger that set off this crisis. A hands-off policy, letting the blind forces of the markets set the exchange rate, is not a useful option. Just as the markets tolerated an overvalued peso until last week, they are now badly rattled and have depressed it far below its true value.

This crisis will doubtless be used in the United States and Mexico alike to attack the North American Free Trade Agree-ment and Mexico's determined efforts to open up its economy. But the basic policies are right. If the peso's misfortunes are handled skillfully, they will amount to nothing more than a temporary setback in a courageous course of action that is serving Mexico well.

- THE WASHINGTON POST.

Time to Remodel the CIA

With an office overlooking the wooded hills of northern Virginia, the director of central intelligence enjoys a view that sbould inspire creative reflection, and no topic should have been more on his mind than the role of American espionage after the collapse of the Soviet Union. Yet in the two years be occupied the director's suite. James Woolsey showed little sign that he could see beyond the cloistered

world of an agency overtaken by history. Mr. Woolsey's resignation this week was merely ratification of a fatal loss of congressional and public trust over his handling of the Aldrich Ames case. His gentle disciplining of officials who failed to detect or pursue Mr. Ames's merce-nary work for Moscow, long before Mr. Woolsey's arrival, may bave satisfied the CIA's internal standards of justice. But the letters of reprimand did not fit a case that exposed rot at the core of the agency.

Mr. Woolsey's greater failing was that he settled for tinkering with an intellience system that needs a complete overhaul. As a director who came from the ourside, he should have insisted on rehinking the purposes and operations of U.S. intelligence organizations.

Five years after the fall of the Berlin Wall and three years since the dissolution of the Soviet Union, Washington has yet to complete an assessment from the ground up of organizations created to wage the Cold War. A review commission neaded by former Defense Secretary Les Aspin is not due to report until mid-1996. An unyielding review will not be easy. The end of the Cold War did not produce global peace; in some ways it made the dangers, like Bosnia, more subtle and difficult to track. U.S. forces may again

require fast and accurate intelligence information in places like the Persian Gulf region. There is a greater risk that nuclear technology and bomb-making plutonium may slip into the hands of terrorists.

Yet none of the dangers come close to matching the former Soviet threat, and it seems improbable that a concerted examination of intelligence operations would not yield substantial budget savings and more streamlined agencies. Senator Daniel Patrick Moynihan's proposal to dismantle the CIA probably goes too far, but the spirit is right. There is still need for an agency, independent of the policy and bureaucratic interests of soldiers and diplomats, to prepare intelligence reports for the president.

President Bill Clinton must appoint a new director ready to work with the Aspin commission and wrestle with basic issues: How much clandesone and electronic collection of intelligence is needed when open sources of information in Russia and other formerly hostile countries offer an avalanche of information? How many new billion-dollar satellites are needed to protect American security into the next century? Is there a role for covert operations today, like overthrowing foreign leaders or helping friendly governments? Should the CIA become involved in gathering industrial secrets from foreign compelitors of

American corporations? Those who have not pushed bard for an overhaul, and those who have opposed it, must not stand in the way of this review. Nor can members of Congress. Democrat or Republican, solve the problem by spending more on intelligence.

That era is over. - THE NEW YORK TIMES.

International Herald Tribune

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

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Liberalism Heads for The Fringe

By George F. Will

WASHINGTON — January 1995 may be the most inter-esting month here since March 1933. Then a charismatic president, produced by a desperate crisis, accelerated a process begun with intellectual ferment earlier in the century: an alteration of the relationship of the citizen to the central government. Now, with neither a crisis nor a charismatic leader, the nation, increasingly irritated by that post-New Deal relationship, is reopening questions long considered closed. Recently at a panel discussion ebulliently entitled "What to Kill

First: Agencies to Dismantle, Programs to Eliminate and Regu-lations to Stop," Christopher De-Muth of the American Enterprise Institute said the title put him in mind of a bumper sticker seen on New York taxis: "So many pedestrians, so little time." He playful-ly said that given Washington's suddenly expansive sense of the possible, perhaps we should "simply go back to the Articles of Confederation and start over."

No, but "back to 1900" is a serviceable summation of the conservatives' goal, which is to reverse many results of the liberal project first formulated around the turn of the century. That project was to concentrate political power in Washington, and Washington power in the presidency (and later also in the Supreme Court) in order to correct the incompetence of the people and the anachronistic nature of their local

allegiances and institutions. With the new century came burgeoning faith in "scientific management" of society, a celebration of elites of experts who could direct the rationalization of society. Progress, said "progres-



sives," was being retarded by unqualified citizens encumbered by parochial values. Progreasive presidents should be galvanizing articulators of the "national pur-pose." And war would help.

John Dewey spoke approvingly
of "the social possibilities of war"
and Walter Lippmann noted that
World War I had "given Americans a new dissipiling" One, purpose and discipline." On March 4, 1933, Franklin Roosevelt, in his first Inaugural Address, began mobilizing Americans for leadership from Washington, urging them to "move as a trained and loyal army to sacrifice for the

good of a common discipline." This intellectual pedigree of the liberal project is traced in an es-say by Michael Joyce and William Schambra, for a book forth-coming from the Hudson Institute. They note that "national wealth has been steadily siphoned mowards for decades to support vast bureaucracies of social service providers."

Today "the towering bureaucracies and sprawling public sector unions are full of clever, articulate, lavishly financed apologists for the state." These apologists argue that "the modern world is far too harsh and complex for its 'victims' to survive beyond the walls of dependency on professional elites and government services."

"Our edites," write Mr. Joyce and Mr. Schambra, "have spent eight decades explaining to the American people that modern circumstances are far too complex for them to hope to govern themselves — far better to shift public decisions upward to so-phisticated, rational clites." But by now these elites are associated in the public mind with what the writers call a campaign to sap the authority of local institutions, including the family, by celebrating unfettered self-expression.

Today the nation is in revolt against what Mr. Joyce and Mr. Schambra call "liberalism's campaign of civil eradication. The revolt reflects widespread worry about the unraveling of the orderly, coherent moral communities that Americans once built around themselves with strong local institutions. The writers agree with De Tocqueville who, marveling at Americans' talent for local organization, believed that a weak central government was an aim of the Founders.

Today's liberal disdain for

state and local governments derives partly from the disreputable record of those governments regarding racial matters during the formative decades of today's elites. But just as conservatives can no longer organize their programmatic thinking around de-testation of the Soviet Union. liberals must accept that the Mississippi of the 1960s is as gone as the Soviet Union is. The phrase "states' rights" is no longer en-

coded racism, it is a reaffirmation

of constitutional and philosophic

principles older than and superior

to the liberal project.

Robert Merry of Congressional Quarterly recalls Patrick Moynihan's first Senate campaign, in 1976, against the conservative incumbent, James Buckley. Addressing a labor audience, Mr. Moynihan said, "Look, there's this particular fringe, and their one fundamental problem is they simply never accepted the New Deal." Mr. Moynihan added: "Didn't Franklin Roosevelt settle this issue once and for all? I mean, do we really have to go

over it again?" Yes, we do, because the fringe marginal no more, Washington Post Writers Group.

Belgrade Names Itself The Editor

By Slobodan Pavlovic

WASHINGTON — I wish to inform you on behalf of the editorial and executive board of the Borba newspaper that on Dec. 23, the government in Bel-grade decided to impose state control over the paper, which has been the leading independent media voice in the rump Yugoslavia.

On that day, the District Court of Belgrade canceled Borba's pri-

vate company license, registered in September 1991. Four days later, the Yugoslav federal government pronounced itself owner of the newspaper, naming Dragutin Brein as acting director and editor-in-chief. Mr. Brein is also the federal minister of information.

The whole operation was based on principles of a coup d'état: The owners and the editorial staff of Borba were informed of the court's decision and nationalization of Borba on the afternoon of Dec. 23 when Mr. Brein arrived at the Borba offices (accompanied by a few bodyguards) and asked the editor-in-chief, Gordana Logar, to vacate her office. At the same time, the state press agency Tanjug published the federal government's statement on its take-

over of Borba. The management, editorial and executive board, journalists and other Borba employees rejected the government ultimatum and published a statement to that effect on the evening of the 23d, informing the local and interna-tional press about the hijacking of the paper. Unfortunately, as all other Yugoslav newspapers are controlled by the Milosevic regime, this statement was broadcast only by some of the few independent television and radio stations.

Most of the Borba employees decided to spend that night at their offices as it was possible they would not be allowed entry the next day. On Dec. 24, the executive board's statement could not be published even in the second edition of Borba as the printers, under government pressure, refused to oblige.

On Dec. 25th, the state representative, Mr. Brein, returned to Borba and forced editor-in-chief to vacate her office. With the help of staff he brought with him, Mr. Brein has managed, during the past three days, to produce and published "their" version of Borba, composed of information from the Tanjug press agency and other state propaganda. The journalists of Borba bave

managed to keep the majority of the office space in downtown Belgrade. Since Dec. 25, they have been publishing their emergency edition of Borba. The still independent "pirate" edition of vately owned company in Bel-grade and distributed by Borba staff, readers and supporters from the local opposition parties

in Belgrade and other large cities. The "coup" against Borba was deliberately planned to take place over the Christmas holidays, with the purpose of rapid takcover of the leading independent paper in Yugoslavia, thus avoiding an immediate reaction from the international public. However, the European Union has published a statement blasting Slobodan Milosevic's regime for taking over editorial control of the leading Yugoslav independent newspaper, accusing Belgrade of systematically quashing freedom of expression in the media.

"The Belgrade government has already tried many times to gain control over independent media," the German Foreign Ministry said. "Yugoslavia's return from international isolation to the community of nations will depend on how free its domestic press is."

In spite of all obstacles, Borba will continue its battle for freedom of speech, truth and peace in the former Yugoslavia. We are appealing for support in our struggle against the latest attack of the Milosevic regime. We need urgent support from the international public in this battle Borba is waging for itself and all independent media in the rump Yugoslavia.

The writer is U.S. correspondent for Borba. He contributed this comment to The Washington Post.

Miscalculating, Hamas Treads a Dangerous Path By Clinton Bailey gerous game, for itself and for all the

T ERUSALEM -- Hamas is playing a dan-Palestinians. The Islamic fundamentalist group, operating from the Gaza Strip and West Bank, plans to bring Israel to its knees through acts of terror that are hard to detect in advance and prevent. Suicide bombers, their bodies strapped with plastic explosives, blow up buses, or detonate bicycles jammed with explosives and kill bystanders; others strike death against pedestrians with knives and hatchets they smuggle into Tel Aviv, Jerusalem and other cities across the country, Israelis have become fearful, wondering if

there is any security against suicide attacks, Ironically, Hamas's fanaticism, calling for the destruction of Israel, comes at a time when compromise and conciliation are at work. The Oslo accords, which Israel and the 1993, opened the door to an end of Israel's occupation of the West Bank and Gaza Strip and to possible Palestinian statehood. These accords and subsequent agreements, being an attempt to resolve a complex conflict, are necessarily far from perfect, and many Palestinians are disappointed by their terms and impatient with the pace of their implementation. Yet negotiations are taking place, and Israel has already conceded the Gaza Strip and several jurisdictions in the West Bank.

Hamas proffers two different reasons for continuing its jihad, or holy war. One is to keep up pressure on Israel to evacuate all the occupied Territories and agree to a Palestinian state, with its capital in Jerusalem. According to this reasoning, a frenetic jihad is essential to counterbalance pressures on the Israeli government from Israel's right wing, including the 120,000 Jewish settlers in the territories who oppose any further concessions there. This, some Hamas activists claim, is the way to shore up the bargaining power of Mr. Arafat, who was pacified by the Oslo accords and is now dependent on Israel.

This position is based on the expectation that Israel's government, the most bberal in that nation's history, will prefer to make the concessions the Palestinians demand, rather than adopt the violent measures that might be required to overcome suicidal terror.

It could turn out differently, bowever. In light of the terrorism and Mr. Arafat's inability to check it, Prime Minister Yitzhak Rabin may find it politically impossible to concede any more territory to the Palestinians, which spell the end of the peace process and continued Israeli occupation of the West Bank. This, some in Hamas assert, is exactly what we want; to scuttle the peace process and keep Israel in the West Bank. Then we can step up the terror and turn the Holy Land into a Northern Ireland, demoralize Israel and undermine its military advantage.

Hamas is but the latest in series of seemingly indomitable challenges Israel has confronted since its birth and ultimately overcome. In the 1950s and 1960s, President Nasser of Egypt armed his country with Soviet weapons and threatened to unite the Arab armies in an invincible ring around Israel. In 1967, Israel ended that threat by defeating a combination of his, Syria's and Jordan's forces, in the Six-Day War.

Then the PLO took on Israel, with an intensive campaign of local and international terror. It left bombs in buses, cinemas and other public places, hijacked airliners and took hostages, some of whom it killed unless its terms were met. But Israel gradually found the means to foil these assaults and reduced PLO terror to a trickle.

Again, in 1987, the Palestinians in the occupied territories rocked Israel with the intifada uprising for two years, but were in turn subdned. Then came Saddam Hussein's chemical weaponry and long-range delivery capability, which threatened Israel with destruction from afar, Now, following Saddam's defeat in Operation Desert Storm. many Palestinians look to fundamentalism and suicide-based terrorism to break Israel's spirit and eventually bring down the state.

There is another scenario, however. The inability to curb Hamas may bring down Mr. Rabin's government. In its place will come a rightist government with fewer compunctions about using Israel's superior power against the Palestinians. When right-wing politicians, such as former Defense Minister Ariel Sharon, promise the Israeli public sterner measures against terrorism, it may be more than bravado. Devoid of international sympathy after sabotaging the peace process. Hamas. together with the whole Palestinian population, may find itself easy prey to a determined adversary wielding Israel's might - and ostensibly in the name of peace. Then, what started out to be a breakthrough for peace and statehood for the Palestinians at Oslo, may end up as an unprecedented tragedy for them, even compared to 1948.

The writer teaches the history of Palestinian nationalism at Tel Aviv University and Trinity College in Hartford, Connecticut. He contributed this to the International Herald Tribune.

Let Italians Practice What They Preach to Politicians

HARLOTTESVILLE Virginia — Having spent centuries governing themselves in a free-style fasbion, Italians are apparently trying to bring their country into conformity with the ethical assumptions governing oth-

er modern industrial democracies. After thousands of businessmen and politicians, including several former prime ministers, were in-dicted for corruption in recent years, this spring the voters threw the long-reigning Socialist and Christian Democratic parties out of office. Now Silvio Berlusconi, a media tycoon who rose to prime minister on a reform platform, admits that Fininvest, his corporate empire, paid off tax authorities.

and he has been forced to resign. This week, it was reported that two senior aides to the justice minister in the outgoing government were under investigation — one with possible links to the Camorra, the Naples Mafia, for allegedly helping to fix trials, and the other for allegedly doing fa-vors on behalf of businessmen and politicians suspected of being

close 10 the Sicilian Masia. To outsiders all this may seem merely proof of a peculiarly knavish national character. But anybody who has tived in Italy recognizes that apparent lawlessness exists alongside the appearance

of an active civic-mindedness. Voter turnout routinely ex-ceeds 96 percent of the electorate. and Parliament passes laws at a breathtaking clip. In fact, Italy suffers from both a glut of laws, many of them contradictory, and a bloated bureaucracy. Something as simple as cashing a check or paying a bill can devour half a day. To escape the brambles of red By Michael Mewshaw learned, was that this law, like

tape, Italians have become marvelous improvisers and cornercutters. Whenever possible they bypass the sclerotic public sector and negotiate private deals fra amici - among friends. Despite - some would say be-

cause of -its penchant for underthe-table arrangements, Italy overtook Britain in the mid-1980s and became the world's sixth-strongest industrial power. But since an estimated 20 percent of its GNP derives from an underground and untaxed economy, and because so many government projects have carried inflated price tags as a result of payoffs to politicians, entreeneurs and Mafia middlemen the new wealth has rarely resulted in improved services or a higher

standard of living.
Things reached a breaking point in the early 1990s when millions of dollars began disappearing from state-run industries. Suddenly,

Italians had had enough. Yet, while scandals of this magnitude have come to be regarded as criminal when they involve politicians and corporate executives, all sorts of clearly illegal arrange ments remain commonplace with the man in the street.

While the Italians may be determined to clean the official house, it has proved more difficult for them to take a hard look at their own homes -- and therein may lie the problem. I lived in Rome as an illegal alien during the 1980s. When I

tried to get a resident permit, an

immigration officer assured me I

didn't need one: "The law is for

third world refugees, not you.

professore." What he meant, I

when it suited authorities. Without residency papers, I couldn't own a car. So I drove a Volkswagen to which I had no

most others, was enforced only

title and which carried 1979 Dutch tourist plates. The police and my insurance agent in Rome couldn't have cared less. Unable to find a landlord willing to abide by the national fair housing law, I rented an apartment on the black market - es-

had a contract, rarely received a receipt and seldom dealt with anybody who didn't demand cash. Following these improvised rules isn't just inconvenient, it can be dangerous - as I found out when my younger son developed serious allergies and had to be treated by a specialist. Because of the doctor's eagerness to avoid taxes, she refused to keep records of the case. Each time my son suffered an attack we had to re-

sentially paying a bribe of several hundred dollars a month. f never

mind her of his history, previous treatment and current medication. Some speculate that Italy's corruption and bureaucratic chaos are evidence of a deeply embedded tradition that goes back at least to Mussolini's penchant for manipulating civil and criminal statutes. In the complexities of the penal code, Il Duce could always find a convenient law with

hich to punish his enemies. As an Italian economist once told me: "Foreigners believe Italy is inefficient. They think the sys-1em is flawed. What they don't understand is that the system is designed to be flawed. This keeps

a lot of bureaticrats working, and it means that since nobody can live here entirely within the law. everybody is vulnerable, everybody has something to hide."

If the Italians are truly fed up and want lasting reform, they can't simply expect this to be accomplished by wbatever regime replaces the latest government. They will have to hold themselves to the same standard they bave started to apply to their political leaders.

Mr. Mewshaw is author of several books on Italy, including "Playing Away." He contributed this nment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Armenians' Woes ST. PETERSBURG - [From

our special correspondent: 1 send you an accurate impression of the manner in which the Armenian agitation is regarded here in Russian official circles. It is generally considered that the Turkish atrocities of which the Armenians complain are greatly exaggerated. and, that they have only them-selves provoked them by their refusal to pay taxes.

1919: The Year Ahead

PARIS - Mme. de Thélème. on whom the mantle of the late Mme, de Thèbes as Prophetess Extraordinary 10 Parisians seems to have fallen, yesterday [Dec. 31] favored a newspaper man with certain prognostications for the coming year. As to the future of Russia. Mme. de Theleme declared that the end of

bolshevism was not far off. There will be no great upheaval in England, commercial activity resuming its amplitude. Italy's future brightens with the near culmination of interior troubles.

1944: America Scolded LONDON - The "Economist."

one of the most influential Eng-

lish journals, contains in this

week's issue a blunt denunciation of "America's hypocritical forzign policy" and demands that hereafter. Great Britain proceed on the assumption that positive United States participation in world security is far too vague to count. The "Economist" goes on to say that "with every new burst of Anglophobia in America," the average Englishman gets one de-gree more cynical about America's real intentions, and one degree more ready to believe that the only reliably helping hand is in Russia.

المبكذا من الاعل

Germany Reopens Investigation Into Ex-Premier's Death

By Craig R. Whitney
New York Times Service BONN - More than seven years after a former German state governor was found dead, fully clothed, in the bathtuh of a Geneva hotel room, German proseculors have stopped insisting that he was a suicide and reopened a murder investigation into the case.

The state of the s

The latest disclosures suggested that Uwe Barschel, who had been premier of the state of Schleswig-Holstein before he resigned in a scandal over illegal election tactics in September 1987, had been involved in arms trades and was under ob-servation by the Central Intelli-gence Agency and the secret services of both East and West Germany before his death was discovered a few weeks later.

Though investigators say they do not yet have any suspects in his presumed murder, reporters have been turning up purported documents from East German intelligence files suggesting leads almost daily.

The latest documents, said to be CIA cables intercepted by the Communists, were taken by observers as confirmation of suggestions previously made by Mr. Barschel's relatives that he had met with arms dealers and agents from Iran, Israel, and West German intelligence before he died:

The cables could have been fabricated by the East Germans many conservatives, who are and intended to embarrass the West Germans and the Americans, or they could be genuine.

There is little suggestion that U.S. officials were trying to arrange arms shipments to Iran in late 1987, so soon after Congressional hearings on the arms-for-hostages deals.

The intercepted cables apparently refer to Mr. Barschel as "Perch," the English meaning of the name.

"Jerry took Perch to temple, met with Lokal and Rabbi at 2130," an excerpt from one of the cables published this week hy the daily Berliner Zeitung said, "Perch unyielding, refuses coop," the message, dated Oct. 9, 1987, went on.

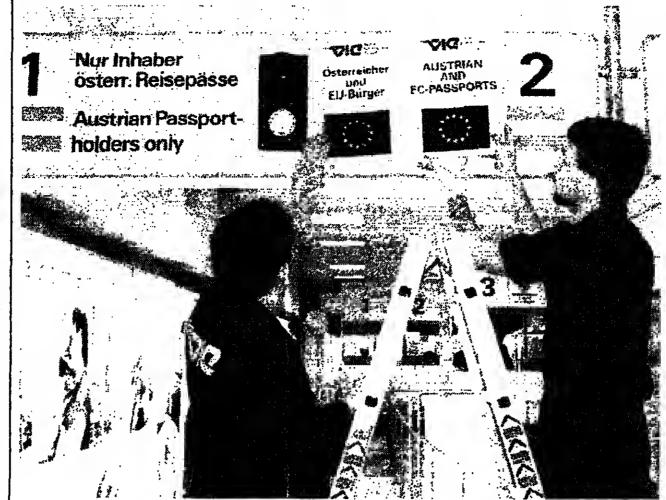
Two years ago, the newspaper reported, an informant told prosecutors that Mr. Barschel had in fact met in Geneva on that day with Ahmed Khomeini, a son of the late Iranian leader, Ayatollah Rubollah Khomemi, and Israeli, German. and other agents to talk about weapons deliveries.

Mr. Barschel refused to give in to Iranian demands, according to this informant. He was found dead in his room at the Beau Rivage Hotel in Geneva on Oct. 11.

A former Israeli intelligence agent, Victor Ostrovsky, has written a book claiming that Israeli agents killed Mr. Barschel because he knew too much about their Iran arms trading.

East German secret police files on him were turned up earlier this year after a search through the archives, according to prosecutors who said they reopened their investigation after receiving the documents.

There was also a new report from a Swiss coroner who insisted that the depressants found in Mr. Barschel's stomach had been put there after he



SIGNS OF 1995 - Vienna airport workers readying for Austria's entry into the European Union on January 1.

ond term, and has moved more

clearly into the "rational" na-

tionalist camp, which be per-

ceives to be the country's cen-

A senior Western diplomat

says that foreign emhassies are

also having a difficult time get-

ting through to Mr. Yeltsin or

"Maybe he still wants to be a

democrat," the diplomat said.

acknowledging that he dis-

agreed with his country's public

confidence in Mr. Yeltsin, "But

shelling the Parliament, push-

ing through a constitution with

no debate and using the mili-tary in Chechnya without ex-

hausting political options are

decisions hased on a psycholo-

"I don't think he can win

again, and if he doesn't think

so, someone will prohably find

some pretext not to have elec-

gy that isn't very democratic.

CHINA: U.S. Readies Sanction List

Continued from Page 1 threat after the negotiators

American negotiators saying that Beijing had not put forward any real proposals and the

last-ditch negotiations. Talks between the two countries on intellectual property rights protections had been under way for 18 months. Washington had been demanding that Beijing shut down pirate factories that it says cost U.S. companies \$1 billion in lost revenues. It also demanded that China lift barriers to imports of American-made movies, compact disks and other products in

Bai Dahua, deputy director of China's State Administration for Industry and Commerce, defended Beijing's policing of pirates on Friday, saying that China bas made great efforts to protect the exclusive rights of foreign trademarks," the Xin-

hua news agency reported.

He said revisions in the trademark law meant violators face heavier punishments. But he gave no details.

Mr. Bai also said that authorities in Guangdong Province had cracked down on 260 cases of trademark infringement, but he did not give details or national figures on such actions. He said foreign businessmen in China have said they were satisfied with Beijing's efforts to protect foreign trade-

marks. On Tuesday, China's State Copyright Administration said it had made great improvements this year in protecting copyrights, citing the closure of dozens of illegal video and auorder to increase supply and dio tape production lines as just one example. (AP, Bloomberg)

Decision Is Blow to Berlusconi seek immediate elections, in hopes that Italians would give ROME - In a serback to the Forza Italia and its remaining caretaker prime minister. Silvio major parliamentary ally, the neofascist National Alliance, a

Elections in Italy

By John Tagliabue

New York Types Service

Beriusconi, Italy's president

ruled out on Friday early elec-

tions to resolve a government

President Oscar Luigi Scal-faro said that political leaders

he consulted this week on ways

to form a new government had

told him that a majority in the

Parliament said no to immedi-

Mr. Scalfaro said he would

resume negotiations Monday with representatives of the 14 political groups in Parliament to end the impasse, which be-

gan when one partner in the coalition led by Mr. Berlus-

coni's Forza Italia movement,

the Northern League, joined

opposition forces to call for the

prime minister's resignation. Mr. Berlusconi stepped down

But Mr. Scalfaro's decision

was not enough to dislodge Mr. Berlusconi from his resolve to

on Dec. 22.

Ruled Out for Now

President Renews Negotiations;

clear majority. "The phase of profound re-newal of the Italian political system can pass without difficulty two electoral confrontauons in the space of one year."

Mr. Berlusconi said. Mr. Berlusconi entered office last spring, when Forza Italia and its two nominal allies, the Northern League and National Alliance, emerged the big winners in national elections in

Mr. Scalfaro's reference to "immediate elections" did not appear to exclude the possibility of an interim government to adopt essential legislation regarding government financing and electoral procedures, leading then to fresh elections, as many of Mr. Berlusconi's opponents in Parliament demand.

Mr. Berlusconi's hackers say that he should remain prime minister if such an interim government is formed. But his opponents, including the North-ern League leader, Umberto Bossi, who commands the largest parliamentary faction, are calling for a government of technicians presided over by a neutral figure.

Among those being named as possible candidates, if Mr. Scalfaro chose to install such an administration, is the economist Mario Monti, the former head of the Bocconi business school in Milan and new a European Union commissioner.

Mr. Berlusconi's predecessor, Carlo Azeglio Ciampi, 74, a former head of Italy's central bank, presided over such a cabinet of largely nonpolitical ap-

Gianfranco Fini, the head of the National Alliance, said the fact of a thin numerical majority in Parliament opposed to new elections did not mean it would be capable of forming a new government.

That was the case, be said, "especially since the forces that won the March 27 elections would not be a part of that hypothetical government."

YELTSIN: War in Chechnya Makes President's Future Look Dim

Continued from Page 1 of the military to crush Russian citizens, is a shame that is sure to linger. The campaign has already been too disorganized, messy and bloody to please

appalled hy the condition of the

And it has alienated reformist politicians like Mr. Gaidar and the economist Grigori A. Yavlinsky, who fear that the financial burden of the Chechnya war and the political cadre prosecuting it may spell the end of economic and political liberalization. They fear new restrictions on the media, on dissent and even the cancellation of the

They see Mr. Yeltsin — like Mr. Gorbachev before him to-ward the end of the Soviet Union — as a captive of the Kremlin, manipulated by the military and the secret police, and with, as Mr. Gaidar has said, a false view of both Chechnya and Russian public opin-

Georgi A. Satarov, a liberal- democrats have done little to

THE INTERNATIONAL TOLL

minded Yeltsin aide, has his unify themselves in the face of a stand that the liberal democrats own worries about Mr. Yelt-nationalist-communist opposi-were too thin a constituency on sin's notion of the presidency. tion.

When asked, Mr. Satarov says the last time Mr. Yeltsin met with a group of legislators who largely disagreed with him was last summer, at a confer-ence of the Agrarian Party. "To call that a mistake isn't the right word," Mr. Satarov said. "It's a question of political culture. Personally, I think he should do it more often, but he has an idea of the presidency that is not necessarily mine."

But after the elections a year ago, Mr. Yeltsin clearly took stock. The ultranationalist Vladimir V. Zhirinovsky won nearly a quarter of the party preference vote, and the re-legalized Communist Party, with its Agrarian allies, did even better.

But more important for Mr. Yeltsin was the fact that Mr. Gaidar's Russia's Choice, while becoming the largest single party in Parliament, did surprisingly badly.

In the year since then, the

Mr. Yeltsin seemed to under-Royal Navy . Now Offering

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were too thin a constituency on which to hase the rest of his presidency, let alone win a sec-

reached trade agreements at the The two sides broke off talks in the current dispute acrimoniously on Dec. 14, with the

Chinese team accusing Washington of making excessive demands. The official China Daily newspaper quoted an official as saying the lead U.S. negotiator, Lee Sands, had engaged in "meddling" behavior during

thus undercut pirates.

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The Resurgence Of Portraiture

By Celia McGee

EW YORK -- When America's 19th-century art critics took it upon themselves to rank types of art, portraiture ended up at the bottom.

Landscape painting had the depiction of the Romantic sub-lime and Manifest Destiny to recommend it. Still life coaxed nature into pretty arrangements loaded with symbolism. Genre promoted nationalism and pious sentimentality; bistory painting maintained its scholarly snob appeal.

But, as if an association with vanity weren't bad enough in portraiture, along came photography to challenge its role of

recording the buman visage.

Despite a brief, brilliaot comeback in the work of John Singer Sargent during the robber-baron decades and in Thomas Eakins's somber psychological realism, portraiture's reputation took further beatings from Cubism and other forms of modernist abstraction.

Its low point coincided with the triumph of Abstract Expressionism and Minimalism in the 1950s and 60s. Next thing you knew, social types were com-missioning their likenesses as Day-Glo silk-screeos taken from Polaroids by a fellow in a blond wig.

Relegated to a place beyond the cultural pale, portraits bave seemed social anaehronisms. frumpy heirlooms, pietorial equivalents of gold watches for retiring officialdom.

A portrait at its best, wrote Charles Baudelaire, should be "a poem full of space and reverie." Where's the poetry in por-traiture today? What bas hap-



'Skinny Woman'' (detail), by John Currin.

O'Shea's

mirror of art?

A lot. The art world of the 1990s is witnessing a resurgence of interest in portraiture —portraiture as diverse as it is full of contradictions. Portrait commissions are on the increase.

Painters like Aaron Shikler. the dean of American portrait artists, are coming in from the cold. More and more, Shikler said, he is being invited to give lectures and teach master classes. "There's less of a stigma attached to painting portraits," he said. "There was a period when it was the lowest of the low, when you were laughed at.

Part of the revitalization of portraiture is because of the revival of representation in art, both traditional and postmo-"The visual arts are altogether different these days," said Alan Fern, director of the National Portrait Gallery in Washington. "There's more tolerance, more of an inclination to deal with figurative art than there was in the 70s. Portraiture has more of a place in what is happening."

HAT place is central because some of the most important trends in art today are responsible for portraiture's reinvigoration. The confrontation with identity, an emphasis on buman physicality and its frailties, the politics of multiculturalism, and a continuing obsession with the mass media are everywhere.

"Portraiture isn't outdated and dead if you can reinvent it," said the New York artist Jonathan Santlofer, who makes what be calls constructed portraits, combining painting and sculptural elemeots.

Portraiture's rehabilitation, however, is perhaps most noteworthy on the cutting edges of art. Taking many different forms, from installation art to abstraction, portraiture bas produced fierce debates about formalism and realism, about irony in art, about politics, about tradition and breaking with conventions.

This fall, New York gallery-goers could visit shows featuring portraits by such historical figures as Elaine de Kooning or Pavel Tchelitchev, and by con-temporary artists like Billy Sullivan, John Currin, Cindy Sher-man, Janine Antoni, David Hammons and Hugh Steers. who paints drag queens, people with AIDS and his own patrician social circle.

Last spring saw the most intraits in years, recent work by the English painter Lucian Freud at the Metropolitan Museum of Art, which is also planning a Chuck Close retrospective in 1996. The debut of the

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Elien Page Withou The Page Gallery

"Kiki," Chuck Close: "More like the people than the Polaroids I paint them from. Andy Warhol Museum in Pittscomplex topic," said Donna da honest and of signifying an inburgh last summer refocused

attention on Warbol's portraits. The Museum of Modern Art is counting on a blockbuster with next year's "Picasso and Portraiture: Representation and Transformation."

A number of historical shows John Singleton Copley exhibitions next year in Boston and Washington and at the Metropolitan, for instance - will apply the social consciousness of contemporary art scholarship to portraiture's past.

With so much traditional portraiture resurfacing, anti-establishment artists have felt provoked to deconstruct and redefine portraiture as a genre. in confrontation, with the body politic, It's a way of being really

Salvo, ehief curator of the Parrisb Art Museum in Southampton, New York. "A lot of it doesn't even have faces in it

Many observers say that the past decade's preoccupation with the body — its fragility, its politics, its power to challenge taboos - has contributed to portrait-making's redefinition. "It's logical that the interest

in portraiture would come out all this concern with the body," said Marcia Tucker, the director of the New Museum of Contemporary Art in New York. "It's a question of the individual body in dialogue, or terface between the self and the world. It's not a return to any kind of tradition. Many artists involved with

portraiture want to emphasize

the fact that there is no such thing as fixed, single identity. Portraiture must establish an intimacy and trust between artist and sitter, points out Robert Storr, curator of painting and scuipture at the Museum of Modern Art. "It's a letting go of distances," he said. "And a portrait allows you to stare at somebody as much as you like and satisfy your curiosity.

Celia McGee, a columnist for The New York Observer, wrote this for The New York Times.

A Medley of Crafts

By Rita Reif New York Times Service

EW YORK — Crafts in America flourished increasingly at the grass-roots level between 1920 and 1945, with artisans spurred on midway by federal money in the New Deal

distinctively varied: Colonial-style ebairs, Mondrian-like quilts, Hispanie images of saints, comhusk dolls dressed as flappers and Pueblo pots bearing political statements.

Now such objects can be seen in "Revivals! Diverse Traditions: 1920-1945," an ambitious, if disjointed, exhibition at the American Craft Museum in New York through Feb. 26. Five curators chose the ob-

jects and wrote much of the catalogue for the show, the second of eight in the museum's series on the history of 20thcentury American crafts.
The 170 items on view reflect the many craft cultures at work

then - African-American, Appalachian, American Indian, Hispanic and Anglo-Saxon. Conventional items dominate, but there are remarkable pieces

Among them are a glorious geometric-patterned basket woven in the 1930s by Carrie Bethel, a Paiute Indian of California; an elegantly scrolled wrought-iron window grill, circa 1940, by Philip Simmons, a blacksmith of African descent in Charleston, South Carolina, and a faithful 1920s reproduction of a 17th-century armchair, made under the direction of Wallace Nutting, a Framingham, Massachusetts, expert in Colonial furniture.

"The exhibition celebrates diversity," said Janet Kardon, director of the museum and the project. "There are lots of parallels, especially technical ones, in the basketry and the quilts. The exhibition brings material together that the scholars have not yet analyzed." But perhaps the sbow's most

provocative aspect, mentioned often but never fully developed in the wall texts or the catalogue, is the government's role in advancing crafts in all ethnic categories in the 1930s.

By then the arts and crafts style glass at the Works Pro-ovement had lost its luster, gress Administration's factory movement had lost its luster, and its dynamic pioneers were long gone. But the 19th-century message of the movement's British founder, William Morris — that good design in hand-made household articles im-proved society — continued to make crafts desirable.

Federal support under Presi-dent Franklin D. Roosevelt belped renew the movement, re-

viving handblown Colonial-

Cornhusk doll, 1920.

and the words "Our president. Franklin D. Roosevelt, U.S., We Do Our Part." The show focuses on reproductions and reinterpretations of centuries-old craft styles, and the most traditional are the Hispanic crafts. The intricately stitched lacework by Puerto Rican women especially stands out: tablecloths and bedcovers

with the same geometric motifs. delicate flowers and birds seen in the work of the artisans' an-OT everything on view in "Revivals!" appears traditional. The vivid abstract patterning on a 1940s coverlet by Susan Pless, a black quilter from Oklahoma, relates as strongly to the art of Mondrian as to the lesser-known 19th-cen-

in Vineland, New Jersey, and

subsidizing the production of chairs, tables, hooked rugs and woven draperies at Timberline Lodge, a ski resort at Mount

The results, as seen in this

show, were often impressive.

Mary Histia, an Acoma Indian potter from New Mexico, cele-

brated government involve-

large earthenware jar, circa 1930, with the American eagle

ent in crafts by emblazoning a

Hood in Oregon.

tury preference by black artisans for strips and blocks in quilts. In Appalachia, the cornhusk dolls from the 1920s seem modern, too, as fashionably dressed as F. Scott Fitzgerald characters.
The sources of African-Amer-

ican material seem more difficult to pinpoint. Indeed, the scrollediron grillwork, the colorful ceramics splashed with vivid washes or florals, as well as the quilts, seem to replicate those made by white artisans.

Cbock-full of information about the people who produced and distributed crafts, the exhibition nevertbeless leaves the viewer with more questions than answers. "This is a period that needs more work by scholars." Kardon said. "Being the first ones out there to do such an exhibition, we may get clobbered, but it will be worth it. We want to raise questions that will invite further discussion."

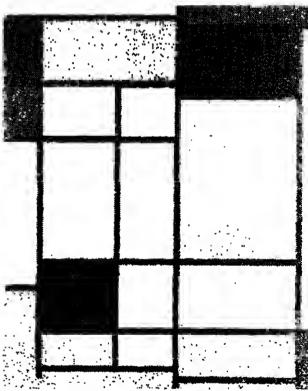
Piet Mondrian's Journey to Pure Abstraction



A massive retrospective of 160 paintings and drawings at the Gemeentemuseum in The Hague traces the journey of the Dutch painter Piet Mondrian (1872-



1944) from his early Dutch realism to the pure abstraction that became his trademark. Examples include "Village Church" (1898) and "The Trees" (1912) and



"Composition With Yellow, Blue, Black, Red and Gray" (1921). After it closes in The Hague on April 30. the show will travel to Washington and New York.

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PAJAMAS By Tom Robbins. 386 pages.

\$23.95. Bantam. Reviewed by Rudy Rucker

TN order to keep the game Linteresting, experienced writers sometimes like to pose themselves new technical prob-lems. In "Half Asleep in Frog Pajamas," Tom Robbins uses the trick of writing in the sec-

ond person; that is, the book starts, "The day the slock mar-ket falls out of bed and breaks its back is the worst day of your life. Or so you think." The main character is Gwendolyn Mati, a Filipina stock-broker in Seattle. She has a "lit-

tle schoolgirl candy valentine

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HALF ASLEEP IN FROG voice" that sounds like "a packaccompany her on many, many detailed trips to the bathroom.

threatening to become a social worker and resembles "Benjamin Franklin without a kite." The boyfriend owns a Barbary are who at one time was a trained jewel-thief; some of the book's action involves a search for the ape after he escapes.

While hanging out at her favorite stockhroker's watering hole. Gwendolyn meets an interesting new man named Larry Diamond, a raffish ex-stockbroker recently returned from the ancient African city of Timbuk-tu. Larry is a familiar kind of Tom Robbins character, a scruffy shaman spinning out "hypnotic crackpot babble" and capable of bringing women to heretofore undreamed-of sexual peaks. A mild example: "Diamond's good-bye kiss reverberates in your mouth like a fire-

cracker in a silverware drawer." A great part of "Half Asleep

Some of this stuff is interesting, day in Seattle: "Your huilding age of Hostess cupcakes." We but some of it is hard to take, as is surrounded by the soft, the when Larry tells Gwendolyn that as soon as he met her. Her boring realtor boyfriend is said to myself, 'Larry, wouldn't it be a fine thing, a swell thing, a boon to the community of man and to all creatures great and small, if this girl's soul was as ripe and stunning as her ass.' It isn't, of course, but maybe it

BOOKS

In passages like this, Larry Diamond puts one in the mind of William Burroughs's on-themark sketch of a rival in "Na-ked Lunch": "He was contin-ually enlarging his theories he would quiz a chick and

threaten to walk out if she hadn't memorized every quance of his latest assault on logic and the human image. Now, baby. I got it here to give. But if you won't receive it there's just nothing I can do." By the end of "Half Asleep in Frog Pajamas," one gets very tired of Larry Diamond.

But, oh well, why not indulge transcriptions of conversations still write phrases of mind-bog-Larry has with Gwendolyn. gling beauty. Oo a foggy rainy

gray, and the moist, as if it is being digested by an oyster."

So what's the book about. anyway? The goal, ultimately, is for Gwendolyn and Larry to run off to Timbuktu together. there perhaps to contact space aliens from a planet near the star Sirius, possibly hy ingesting psychedelic toad-venom. You had to ask, didn't you?

How do frogs figure in this? Larry feels that "the amphibian is the bridge between the terrestrial and the aquatic. I invite you to consider that it may also be a bridge between our water planet and the largely arid galaxy. A bridge between earth and the stars. A bridge, most importantly, between the mind of man and

cosmic overmind. Rant on Robbins; our carking, swinking, workaday world needs you.

Rudy Rucker, whose most recent publications are "The Hack in Frog Pajamas" consists of the guy a little, as Robbins can er and the Ants " and "Artificial Life Lab." wrote this for The

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ECONOMIC SCENE

By John M. Berry

New York Times Service

in stock prices in 1992 and 1993 was not

based on smoke and mirrors but on real-

istic anticipations of higher earnings.

In contrast, stock prices have moved

up and down but gone nowhere this year.

and many forecasters say the market is again properly discounting the future. The forecasters predict that economic

growth will slow in 1995 and so will the

rise in profits. Prices of stocks of compa-

nies in industries most affected by the

business cycle, such as retailing and pri-

mary metals, have tumbled from their

economic growth, solid productivity

gains and relatively small increases in labor costs have produced a profit pic-

ture considerably brighter than many analysts had expected at this point in the

Corporate profit from current produc-

tion, calculated by the Commerce De-

partment and regarded as the best esti-

mate of actual economic profit, will

exceed half a trillion dollars for the first

The increase this year in profit from

current production, to an annual rate of

\$556 billion in the quarter that ended in

September, has not been quite as large as

the gain in 1993. Nevertheless, the size of

the gain is one of several signs that the

But for the moment, continuing strong

earlier highs.

economic expansion.

time this year.

TASHINGTON — This has

been another booming year

for U.S. corporate profits,

proving that the big run-up

Capital Goods

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U.S. Profit Picture Remains Bright

economic expansion is not about to end.

inflationary pressure from escalating wages and materials costs often eats into

profits. Some of that pressure is evident

in raw materials and components costs,

but not in wages. Most of all, productivi-

Corporate profits are up

sharply this year because

sales and continued efforts

ty is still rising at a healthy elip, holding

down labor costs.

Another indication of a balanced ex-

pansion is that every part of the husiness

part of the economy has shared in the profit explosion, with durable goods manufacturers such as automakers see-

. Financial corporations' profits for the

year probably will be down slightly from

1993 levels because of the large losses

insurers incurred because of the Los Angeles earthquake in January. However, in

the third quarter, financial companies'

profits were running at close to a \$110 billion annual rate.

About \$60 billion in profits originated

overseas, as U.S. companies recorded

earnings at a \$90 billion annual rate in

the third quarter while paying \$30 billion

of large increases in

to hold down costs.

ing the largest gains.

When expansions are on their last legs,

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Does the Bullish View Still Hold? Wall Street Optimists Dust Off Their Megatrends

Los Angeles Times Service After a wretched year for stocks and bonds, the only consolation for most investors is to take the long-term view: The broad trends in the market and the economy that were so positive a year ago

are still in place — aren't they? Wall Street has been mulling that question in recent weeks, as investment professionals fashioned their 1995 forecasts. For the bullish camp, maintaining optimism is largely a function of belief in the power of certain so-called megatrends to provide a mostly favorable en-vironment far stocks and bonds in the

To the hulls, 1994 will wind up looking like a hiccup if the megatrends are still valid. But are they? Here's an update on some of the most important trends that

Wall Street bulls were emphasizing so strongly a year ago, before the markets

 Main Street Inves Wall Street. Individual investors' appetite for stock and bond mutual funds was viewed as almost insatiable a year ago, as short-term interest rates hit 30-year lows and its longterm investing became the mantra of the masses. As long as the public pumped billions of dollars monthly into the funds, the bull markets in stocks and bonds always had a ready source of new fuel.

But the bond funds' public pump broke last spring, as rising interest rates pummeled bond prices and investors' losses mnunted. The result is that bond funds have been drained by net shareholder redemptions since March.

Now, stock funds appear to be suffer-ing a crisis of confidence.

Because mutual funds have been such an important source of demand for stocks in particular, Wall Street's fear is that a sustained drop in stock-fund purchases - or worse, a surge in redemptions -could spell another tumble in the market. January will be a key month to watch because many investors will be making decisions about where to put 1995 retirement savings.

Barton Biggs, investment strategist at Morgan Stanley & Co., said be was bullish on stocks in 1995, with nne caveat: He expects a sell-off early on. "If the public aggressively redeems equity mutual funds next year in the same way it redeemed bond funds this year," he said,

See BULLS, Page 9

Investors in Stock Funds Cautiously Keep the Faith

By Floyd Norris

New York Times Service NEW YORK — Investors are ending 1994 nervous about the stock market but still putting more money into stock mutual funds than they are taking out. But higher interest rates are scaring investors out of bond funds, with investor with-drawals rising to record levels.

For the mutual fund industry, the continued faith of investors in the stock market has been the best news of 1994. The year will probably end up as the secondbest ever - after 1993 - in terms of cash flows into stock funds. But those flows are down substantially from early in the year, with November ranking as the worst month in more than three years.

Caution is the order of the day in the industry. Some fund companies are worried that a new round of withdrawals could hit stock funds in early 1995, after investors get their annual statements in the mail.

"Practically all the major fund companies have cut their budgets on advertising and promotion," said Louis Harvey. president of Dalbar Financial Services inc., a research firm.

The year will also be remembered for some dubious pieces of bad news. It was the first time a money market fund "broke the buck, falling to less than \$1 a share, and produced losses for its investors. Negative publicity bit the industry after a prominent money manager, John

Kaweske of the Invesco Group, was dismissed over his private investments.

The hig lesses in a few bond funds that had gambled heavily, all the while claiming to be shart-term government bond funds, helped start a national debate about derivative securives.

The year is ending with long-term gov-ernment bonds yielding almost 8 percent - and with investors decidedly skittish about owning such things.

The Investment Company Institute, a trade group, reported Thursday that all bond-oriented funds had a record outflow of \$10.9 billion in November, compared with \$7.9 billion in October, Fund

See FUND, Page 9

Treuhand Ends, Its 'Primary' Job Done

BERLIN - The Treuhand, the agency in charge of privatiz- ter in German reunification. ing former East German companies, ended its four-and-a-

half year existence Friday. Birgit Breuel, the agency's said. "From its past as an overin-president, said "the primary dustrialized region, the former mission had been accomplished." She removed the its way to being integrated into Treuhand's nameplate from its the world economy,

downtown headquarters, symbolically ending another chap-"Yes, we made some mistakes.

but nobody has ever tried to do what we have done." Ms. Breuel East Germany today is well on

in returns to foreign owners, partners

At domestic operations of nonfinan-

cial companies, profits were running at

In a notable departure from their

practice over the preceding three years.

corporations generally have not in-

creased their dividend payouts from do-

In the third quarter, after-tax profits were up nearly \$46 billion from the same quarter of 1993 hut the rate of dividend

payouts was down slightly. That meant

that retained earnings were running at more than a \$60 billion rate, almost five

times the \$13 billion pace of the third

rate bond and equity issuance down

markedly this year, companies are using

those retained earnings to fund their

What bappens to profits in 1995 will

depend importantly on how much and

how quickly economic growth slows in

response to higher interest rates engi-

neered by the Federal Reserve Board.

ly from a 4 percent pace to something about half that fast, now say profits from

current production can continue to in-

crease modestly for the next year or two.

tions are up sharply this year because of

large increases in sales and continued

efforts to hold down costs. Smaller deht

Dec. 30

loads also played a part.

Corporate profits from current opera-

Forecasters who expect a "soft land-

with growth moving down smooth-

With interest rates rising and corpo-

and shareholders.

quarter of 1993.

needs for cash.

nearly a \$400 billion rate.

mestic carnings this year.

of World Economics, said, The acid test will come in the the subsidies. future, when we see whether the businesses created by the Treu-

hand survive," The agency Treuhand moved with dizzying speed — shaping and selling nearly 14,000 husi-nesses created from 8,500 staterun conglomerates.

In the Treuhand's wake, six successor agencies will take over the job of selling 66 re-maining companies. They also maining companies. They also percent in 1992.

will monitor contracts that guaranteed 264 hillion Deutguaranteed 264 hillion Deutalso supports East German resipersuade then-President Carlos
Salinas de Gortari to devalue the peso in an orderly fashion.

least of which are an East Ger- area's retail economy alive.

Klaus-Dieter Schmidt, an man unemployment rate of 13 economist at the Kiel Institute percent and the financial burden of paying the buge cost of The flood of cash into East-

> boom to the construction industry and made Eastern Germany into perhaps Europe's fastest-growing region. The former East Germany's

> gross domestic product is ex-pected to show double-digit growth this year after gaining 7.1 percent last year and 9.7

sche marks (\$169 billion) in dents through income supplepublic stubsidies in exchange for more than 200 hillion DM in private investment.

In 1995 alone, the Gerlanders held closed-door men government will give meetings most of the day Frigorial investment. The rapid sell-off has created DM in direct income support, a host of new problems, not which is expected to keep the

THE EPISCOPAL CHURCHES

OF EUROPE (Anglican)

PARIS and SUBURBS

FLORENCE

11 a.m. Rite II. Via Bernardo Rucellal 9 50123, Florence, Italy. Tel.: 39/55 29 44 17.

FRANKFURT

GENEVA

EMMANUEL CHURCH, 1st, 3rd & 5th Sun. 10 a.m. Euchartet & 2nd & 4th Sun. Moming Prayer, 3 rue de Monthoux, 1201 Geneva, Swizerland, Tel.: 41/22/732/80/78.

MUNICH .

THE CHURCH OF THE ASCENSION, Sun.

11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided, Seyboths-trasse 4, 81545 Munich (Hartsching), Ger-many, Tel.: 49/89 64 81 85.

ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun.

8:30 a.m. Holy Eucherist Fite I; 10:30 a.m. Choral Eucherist Fite I; 10:30 a.m. Church School for children & Nursery care provided: 1 p.m. Spenish Eucherist. Via Napoli 56,

BRUSSELS/WATERLOO

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eu-chariet Brankfurter Streets 3 Wilesharten

EUROPEAN

BAPTIST CONVENTION

Germany, Tel: 49/511.30.65.74.

Economic Plan Will Cause Pain Across Mexico

By Anthony DePalma

new economic strategy, expect- wages of workers, who on the ed next week, will require severe concessions from labor, deep cuts in government spending

The government plan needs cuts in government spending and a temporary slowdown of economic growth, several advisers to President Ernesto Zedillo

The government plan needs labor leaders and the small farmers' movement to accept wage increases substantially below the Ponce de León say.

The ambitious plan to re-build investor confidence calls for loans totaling \$10 billion to tional economic package, parts \$15 billion from the United states, Canada, European central hanks and several private with the help of U.S. Treasury U.S. banks, including Citibank.
The loans, which include a \$6

But the domestic section

billion credit line already auused to defend the peso and to help Mexico cover its obligations on \$5 billion in short-term bonds that fall due next month. Mr. Zedillo moved to take

control of Mexico's economic will be released before he gives crisis Thursday by outlining an emergency plan to stabilize the economy and announcing the resignation of the finance minister who had overseen the devaluation of the peso that led to the collapse of the govern-ment's economic strategy.

Breaking a public silence that had lasted for five days and

confounded investors, Mr. Zedillo told a national television audience of a plan "in which everyone will have to do their part and no one will be exempt

from sacrifice."

Mexico's finance minister. Jaime Serra Puche, had offered to resign several times in the face of criticism by both Mexicans and foreign investors who had lost billions of dollars in the

peso's fall. Mr. Zedillo, who was inauguern Germany has brought a rated only four weeks ago, announced that Mr. Serra would be replaced by Guillermo Ortiz Martinez, a government economist favored by New York investors.

> As a top Finance Ministry official in the previous govern-ment, Mr. Ortiz tried unsuccessfully a few months ago to persuade then-President Carlos

Government, business and stabilization plan. In the last seven years, a pact

among those forces has been

the primary tool for controlling inflation, even though it often MEXICO CITY - Mexico's meant suppressing the real

> rate of inflation, further reducing their purchasing power.

Most details of the interna-

But the domestic section billion credit line already au-thorized by Washington, will be tion controls will not be settled until Monday, when Mexican husiness and labor leaders are expected to reach a consensus with the government.

Details of Mr. Zedillo's plan another speech to the nation Monday night.

In Washington, congressional specialists who insisted on anonymity said that, rather than ask a Republican Con-gress for money to lend to Mex-ico, the Treasury Department was likely to use its exchange stabilization fund.

That fund, which the department can use at its discretion in foreign-exchange crises, held \$20.4 billion as of Sept. 30, according to a recent Federal Reserve publication.

President Bill Clinton im-plied Thursday that Washington would belp Mexico. When asked about the peso

crisis, he replied: "It is something that I take seriously, and we are looking at it very serious-ly. We're talking to the Mexican government about what we can

Since the peso was devalued last week, and a day later allowed to float freely, it has lost about 30 percent of its value against the dollar.

Mexican officials said they expected the currency to settle somewhere between 4.00 and 4.50 to the dollar, compared with a dollar close Friday of 5.00 pesos bid. That rate would then become the basis for a new exchange policy.

Canada has a similar plan that pees the value of the Canadian dollar to what is called a

See PESO, Page 8

RELIGIOUS SERVICES

AMSTERDAM

CROSSPOADS INTERNATIONAL CHUR-CH Interdenominational & Evangelical Sunday Service 10:00 a.m. & 11:30 a.m./ Kids Welcome. De Cuserstraat 3, S, Amsterdam Into. 02940-15318 or 02503-41399.

INTERNATIONAL CHRISTIAN ASSEM-BLY (AOG), An English-language, Interde-nominational Fellowship, Sunday Service 10:30 a.m., Klev Council of Trade Unions Building, 16 Khreschatik Street, Pastor Eldon Brown (7044) 344-3376 or 3502.

PARIS and SUBURBS

EMMANUEL BAPTIST CHURCH, 56 Pur des Bons-Raisins, Ruell-Malmalson, An Evangelical church for the English speaking community focated in the western suburbs. S.S. 8:45: Worship: 10.45. Children's Church and Nursery. Youth ministres Dr. a.C. Thomas, pastor. Call 47.5129.63 or 47.49.15.29 for information.

HOPE INTERNATIONAL CHURCH (Evengelical). Sun. 9:30 a.m. Hotel Onon. Metro 1 Esplanade de La Oéfanse. Tel.: 47.73.53.54 or 47.75.14 27.

THE SCOTS KIRK (PRESBYTERIAN) 17, rue Bayerd, 75008 Paris. Metro FD Roo-sevelt. Family service & Sunday School at 10.30 a.m. every Sunday. All weborns. For information 48 78 47 94.

Christmas Eve Service 11 15 p.m. Christmas Day Service 10.30 a.m. All Welcome Tel: 48.78.47.94.

SAINT JOSEPH'S CHURCH (Roman Catholic). Wasses Sunday: 9:45 a.m., 11:00 1 p.m. Spenish Eucharist. Via Napoli 58, 00184 Rome. Tel: 39/6 488 3339 or 39/6 474 3369. a.m., 12:15 p.m., and 6:30 p.m. Saturday: 11:00 a.m. and 6:30 p.m. Monday-Friday 8:30 am. 50, avenue Hoche, Paris 8th. Tel: 42.27.28.56. Metro. Cheries de Gaulie - Etolie.

MUNICH

ALL SAINTS CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucherist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Euchartet and Sunday School. 563 Chaus-sée de Louvain, Ohain, Belgium. Tet. 32/2 28/4 08/56 INTERNATIONAL COMMUNITY CHUR-CH, Evergelical Bible Believing, services in English 450 p.m. Sundays at Enhaberser. 10 (U2 Theresienstr.) (089) 850-8517. PEACE CHURCH - English-speaking

congregation, Worship and Sunday School 11:30. Fraueniobstrasse 5, 80337 Munich (Sandlinger Tor atation)_ Tel (0) 89 300-5100 (parsonage) or (0) 89 + 23 11 58-3 (office). NFORMATION, other cities, call (0) 69 +23 81 27 or (0) 6192 + 415 54

TOKYO

ST. PAUL INTERNATIONAL LUTHERAN

CHURCH, near Ildabeshi Stn. Tel: 3261-

3740. Worship Service: 9:30 a.m. Sundays.

USA If you would like a free Bible course by mail,

please compact L'EGLISE de CHRIST, P.O.

VIENNA

VIENNA CHRISTIAN CENTER: A CHARIS-

MATIC FELLOWSHIP FOR VIENNA'S IN-

TERNATIONAL COMMUNITY. * Engish

Language * Trans-denominational, meets at

Halbgasse 17, 1070 Vienna, 6:00 p.m. Eve-

ry Sunday, EVERYONE IS WELCOME. For

more information call: 43-1-318-7410.

Box 513, Staunton, Indiana 47881 U.S.A.

BARCELONA FAITH FELLOWSHIP INTERNATIONAL

meets at 9:30 a.m., Bona Nova Bept Church Caner de la Ciutat de Balleguer Pastor Lance Borden, Ph. 439-5059. BERLIN

INTERNATIONAL BAPTIST CHURCH,

BEPLIN, Pohenburg Str. 13, (Siegliz), Bible study 10.45, worship at 12.00 each Sunday, Charles A. Warford, Pastor, Tel.: 030-774-

BONN/KÖLN THE INTERNATIONAL BAPTIST CHUR-CH OF BONN/KÖLN, Rheinau Strasse 9, Köln, Worship 1:00 p.m. Celvin Hogue,

Pastor. Tel.: (02236) 47021. BRATISLAVA

INTERNATIONAL BAPTIST CHURCH.

BREMEN

INTERNATIONAL BAPTIST CHURCH (English languege) meets at Evangelish-Freikrichlich Kreuzgemeinde, Hohenlohestrasse Hermann-Bose-Shr. (around the corner from the Bahnfor) sunday worstap 17.00 Ernest O. Walker, pastor. Tel. 04791-12877. THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 HOLY TRINITY, Sun. 9 & 11 a.m., IU-ro a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evensong. 23, avenue George V, Paris 75008. Tel.: 33/1 47 20 17 92. Metro: George V or Alma

BUCHAREST

INTERNATIONAL BAPTIST CHURCH, Strada Popa Rusu 22, 3:00 p.m. Contact Pastor Mile Kemper, Tel. 312 3660.

BUDAPEST ST. JAMES CHURICH, Sun. 9 a.m. Fite t & INTERNATIONAL BAPTIST CHURCH, meets in Works Zsigmond Girmazium, To-rokvesz ut 48-54, Sundays, 10:00 Coffee Fellowship, 10:30 Worship, Take Bus 11 from Beatyway iar, Other meetings, call Pas-tor Bob Zbinden, Tel, 250-3932.

BULGARIA

INTERNATIONAL BAPTIST CHURCH, World Trade Center, 36, Drahan Tzankov Blvd. Worship 11:00. James Duke, Pastor. Tel: 70/4367.

CHURCH OF CHRIST THE KING (Episco-pal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursays 10:45 a.m. Sebastian Fitz St. 22, 80323 Frankfurt, Ger-many, U1, 2, 3 Miquel Allee, Tet: 49/69 55 01 64. CELLE/HANNOVER INTERNATIONAL BAPTIST CHURCH, Windmulen Strasse 45, Celle 1300 Worship. 1400 Bible Study, Pastor Worl Campbell, Ph. (05141) 46416.

DÜSSELDORF INTERNATIONAL BAPTIST CHURCH, En-

NITERNATIONAL BAPTIST CHURCH. English. Worship and Children's Church Sundays at 12:30 p.m. Meeting temporarily at the Evergelisch - Freikirchiche Gemende in Rafingen, Germeny (Kelserberg 11). Friendly Fellowship. All denominations welcome. For further Information call the pastor: Dr. W.J. De Ley, Tel: 0211 - 400 157.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOW-SHIP Evangeisch-Freikirchtliche Gemeinde, Sodenerstr. 11-18, 6380 Bad Homburg, phoneffac 06173-62728 serving the Frank-furt and Tauruse areas, Germany. Sunday-worship 09:45, nursery + Sunday-school 10:00, women's bible studies. Housegroups - Sunday + Wadnesday 19:30. Pastor M. Levey, member European Baptist Conven-tion. "Declare His glory amongst the na-tions."

SETHEL INTERNATIONAL SAPTIST CHURCH, Am Dachsberg 92, Franklurt a.M. Sunday worship 11:00 a.m. and 6:00 p.m., Dr. Thomas W. Hill, pastor. Tel.: 069-

HEIDELBERG GRACE INTERNATIONAL BAPTIST CHURCH, Industrie Str 11, 6902 Sandhau-sen. Bible study 09:45, Worship 11:00. Pastor Paul Hendrix. Tel.: 08224-52295.

HOLLAND TRINITY 2APTIST S.S. 9:30, Worship 10:30, rursery, warm tellowship, Meets at Bioemcamplaan 54 in Wassenaar Tel:01751-78024.

MADRID

NOVANUEL BAPTIST, MADRID. HERNAN-DEZ DE TEJADA, 4, ENGUSH SERVICES 11 a.m., 7 p.m. Tel: 407-4347 or 302-3017.

MOSCOW INTERNATIONAL BAPTIST FELLOWSHIP Meeting 1100; Kino Center Building 15 Druz-Druzhinnikovskaya UL 5th Floor, Hall 6, Me-tro Station Barrikadnaya Pastor Brad Sta-

Ph. (095) 150 3293. MUNICH

INTERNATIONAL BAPTIST CHURCH OF MUNICH, Holzstr. 9 English Language Services. Bible study 16:00. Worship Service

PRAGUE

International Baptist Fellowship meets at the Czech Baptist Church Vinohradska, # 58, Prague 3. At metro stop Jiffloz Podebrad Sunday a.m. 17:00 Pastor: Bob Ford (02) 311 7974. WATERLOO

Walertoo Baptist Faltowship Worship 1400 at Swedish Church, Chaussee de Charlerol 2 across from McDonalds, Tel.: 065 225078. WUPPERTAL

Infernational Baptist Church, English, Ger-man, Persian, Worship 10:30 a.m., Seilerstr. 21, Wupperal - Elberfeld, All denominations welcome. Hans-Dieter Fraund, pastor. Tel: 02024598384. **ZURICH - SWITZERLAND**

ZURICH - SWITZEKLAND
INTERNATIONAL BAPTIST CHURICH of
Wödenswil (Zürich), Rosenbergstr. 4, 8820
Wädenswil, Worship Services Sunday mornings 11:00. Tel.: 1-724 2882.

ASSOC. OF INT'L CHURCHES IN EUROPE & MIDEAST BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Alee & Poisdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel: 030-8132021. BRUSSELS

THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School 9.30 a.m. and Church 10:45 a.m. Ketten-berg, 19 (at the Int. School), Tel.; 673.05.81, Bus 95. Tram 94.

COPENHAGEN
INTERNATIONAL CHURCH of Copenhegen, 27 Farvergade, Vartov, near Radhus, Study 10:15 & Worship 11:30. Tel.: 31624785.

31624785.

FRANKFURT

TRINITY LUTHERAN CHURCH. Nibelungen Alee 54 (Across from Burger Hospital), Sunday School 9:30, worship 11 a.m. Tel.: (069) 599478 or 512582. GENEVA

EV. LUTHERAN CHURCH of Geneva, 20 rue Verdaine. Sunday worship 9:30. In German 11:00 in English Tel: (022) 310:50.88. JERUSALEM

LUTHERAN CHURCH of the Redeemer, Old City, Muristen Rd. English worship Sun. 9 a.m. All are welcome. Tel.: (02) 281-049.

LONDON AMERICAN CHURCH in London 79 Tot-lenham Ct. Rd. Wl. SS at 10.00 a.m., Worship at 11.00 a.m. Goodge St. tube. Tet: 071-560 2791.

PARIS AMERICAN CHURCH IN PARIS. Worship 11.00 a.m. 65, Ouai d'Orsay, Paris 7, Bus 63 el door, Meiro Alme-Marceau or Invalides.

STOCKHOLM IMMANUEL CHURCH, Worship Christ in Swedish, English, or Korean, 11:00 a.m. Sunday, Birger Jarisg, at Kungstensg, 17. 46/08/ 15 12 25 x 727 for more information.

TIRANE INTERNATIONAL PROTESTANT ASSEM-Services, Sun, 10:30 a.m., 5:00 p.m., Wed. 5:00 p.m. Rruga Myslym Shyri, Tel/Fax 355-42-42372 or 23262

VIENNA VIENNA COMMUNITY CHURCH, Sunday worship in English 11:30 A.M., Sunday school, nursery, memational, all denomina-tions welcome Dorotheergasse 16. Vienna 1.

ZURICH LURSUHI INTERNATIONAL PROTESTANT CHUR-CH Engish speaking, worship service, Sun-day School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tet. (01) 2825525.

CURRENCY & INTEREST RATES

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Dow Jones Averages

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Standard & Poor's Indexes

NYSE Indexes

NASDAQ Indexes

EUROPEAN FUTURES

Stocks End Year On Lackluster Note

NEW YORK - Stocks finished the last day of trading in 1994 with a tiny advance that left the Dow Jones industrials about 80 points, or 2 percent, higher for the year.

MARKET DIARY

Much of the session mirrored the year as large companies whose business is most closely tied to the economy gained.

U.S. Stocks

while the broad market was little changed.
The Dow Jones industrial average closed 1.01 points higher,

at 3,834.44. The Dow closed

1993 at 3,754.09. Advancing stocks narrowly outnumbered declining issues by a 7-10-5 ratio on the New York Stock Exchange, where volume was 253.3 million.

The benehmark 30-year Treasury government bond fell 15/32, pushing the yield up four basis points to 7.88 percent, amid concern that brisk growth will accelerate inflation.

The markets got a mixed reading on the economy from the home-sales report and the Purchasing Management Association of Chicago index. But the bullish outlook for fourthquarter profits supported the market traders said.

"Earnings prospects look good," said Ronald Doran, director of institutional trading at C.L. King & Associates. "The economy is moving along pretty strong, and there might not be a rate increase" when Federal Reserve Board policymakers meet at the end of January, Mr. Doran said.

Bill Allyn, head of trading at Jefferies & Co. said: "With the money that's been coming out of these emerging markets, out of the derivatives, the Latin American markets, the bond markets being sold, there's a lot of switching of money. Sure, some of it's going to go into money market funds, but part of this money has got to go into

Teléfonos de México, was the most active NYSE issue, fell 1%, to 41, as the Mexican peso also declined

Centigram Communications dropped 4%, to 13%, after the maker of audio information processors said it expected to report a loss from operations for the first quarter because of slower sales.

Spectrum Information Technology ended up 23/32, at 1 23/32. Philip Morris rose ½, to 57%. CellPro ended down 3%, at 10, when the Food and Drug Administration declined to approve the company's Ceptate product used in bone marrow transplants.

Health Systems International soared 81/2, to 30%, after the manager of bealth maintenance organizations received two buyout offers for more than \$1.5 billion in stock.

(Reuters, Bloomberg, AP)

Dollar Limps Quietly Out of a Bearish Year

Compiled by Our Staff From Dispatches NEW YORK - The dollar finished mostly lower against other major currencies Friday. ending a dismal year in which it lost nearly 11 percent of its value against the yen and the Deutsche mark because of weak American financial markets and the U.S. trade deficit.

On the last trading day of 1994, the few investors still in the market were selling the dol-

Foreign Exchange

lar, closing their books short on the currency, a sign they believe it is more likely to weaken than

"People don't want to go home long on dollars," said Kevin Lawrie, director of foreign exchange at Mellon Bank in Pittsburgh

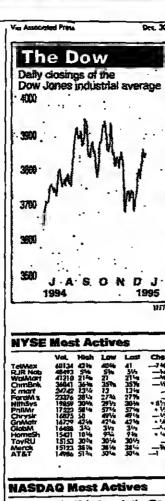
The dollar finished at 1.5495 Deutsche marks, down from 1.5528 DM on Thursday, and at 99.75 yen, up from 99.65. The francs from 5.3515 and to 1.3090 Swiss francs from 1.3121

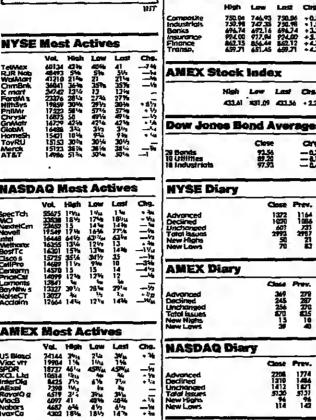
Strong U.S. economic growth this year had led many traders to believe the dollar would rise. But U.S. trade disputes with Japan and a belief in some quarters that the Federal Reserve Board was not raising interest rates strongly enough to control inflation sent the dollar to an all-time low of 96.12 yen on Nov. 2.

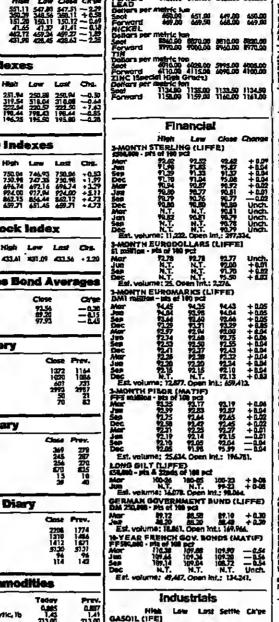
An estimated \$2 billion to \$3 billion of dollar purchases by the Federal Reserve on Nov. 2 and 3 and the central bank's interest rate increase on Nov. 15 — its largest since 1981 helped the dollar recover.

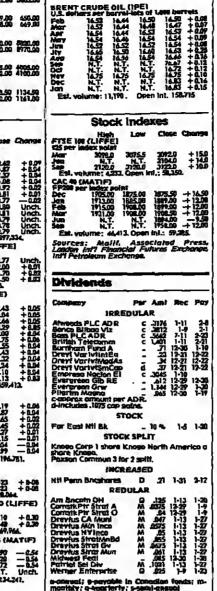
Some investors said the dollar bad the potential to strengthen, at least in the sbort term. The U.S. government will release its employment report for December on Friday, and analysts said strong job growth would increase the chances for the Federal Reserve Board to raise rates again

"We're still creating jobs, which will help make the Fed raise interest rates," said Hillel Waxman, manager of currency trading at Bank Leumi Trust Co. (AP, Bloomberg)









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Viacom Nears Sale of Cable Systems NEW YORK (NYT) - Viacom Inc. is close to announcing the sale of its cable systems for more than \$2 billion to a group that

includes Tele-Communications Inc. The deal for the systems could include \$2 billion of cash as well as Tele-Communications stock, one person familiar with the

discussions said Thursday.

Viacom is selling cable systems with 1.1 million subscribers.

Viacom is selling cable systems with Nachville Tennesses and primarily in San Francisco, Seattle, Nashville, Tennessee, and Dayton, Ohio, to a smaller cable operator, RCS Pacific.

Frank Washington, the entrepreneur who owns 21 percent of RCS, will serve as general partner in the purchase. The balance of RCS is owned by Intermedia Partners, of which Tele-Communications owns roughly 31 percent. Intermedia is privately held and already has 750,000 cable subscribers.

Offers Send Health Systems Soaring

WOODLAND HILLS, California (Bloomberg) — Health Systems International Inc. shares soared 39 percent Friday after the company said it had received two buyout offers from rival California bealth maintenance organizations.

Foundation Health Corp. and FHP International Corp. have each proposed to buy Health Systems in stock swaps valued at around \$1.5 billion. Either transaction would create the largest publicly traded U.S. provider of managed health-care plans.

Foundation Health offered to pay a 40 percent premium to Health Systems' stock price of Dec. 13. That would amount to \$31.15 a share, or \$1.55 billion. FHP offered \$34 a share, or about \$1.69 billion. Health Systems rose \$8.50 to \$30.375 in late trading.

New Home Sales Fell in November

WASHINGTON (Combined Dispatches) - The Commerce Department said Friday that new home sales had fallen 25 percent in November, the first drop in five months, as rising borrowing costs damped consumer demand.

The department also said sales activity had been much weaker in the August-October period than previously reported. Analysts said the reports indicated that rising interest rates had begun slowing down the U.S. economy.

A separate report from the Purchasing Management Association of Chicago showed that business activity remained at a high level in November in that area. Analysts said the Chicago report triggered a fall in the bond market.

AMD Wins Chip War Against Intel

SAN FRANCISCO (NYT) - The California Supreme Court banded Advanced Micro Devices Inc. a major victory Friday in its long-running bitigation with Intel Corp. regarding a 1982 technology cross-licensing agreement between the two companies.

The Court upbeld a February 1992 arbitrator's ruling that gave Advanced Micro the rights to all Intel intellectual property necessary for the manufacturing of microprocessors compatible with the Intel's 80386 chip.

Loews Will Increase Stake in CBS

NEW YORK (Bloomberg) --- CBS Inc. shares rose Friday after Loews Corp.'s announcement late Thursday that it would pay no less than \$65 a share to raise its stake in the network to as much as

To reach a 25 percent stake, Loews would have to buy 4.34 million shares. At \$65 each, the cost would be just over \$282 million. CBS shares rose 62.5 cents on Friday, to \$55.375.

PESO: Stabilization Plan Entails Slower Growth and Pain Across Mexico

Continued from Page 7

Market Sales

"monetary conditions index." Under such a plan, the value of the peso would be linked to short-term interest rates and other important indicators, so that if rates rise, the peso weakens and vice versa.

Lawrence Goodman, vice president for emerging-markets research at Salomon Brothers Inc., said such an exchange policy was considered experimental and had never been used in a nation as big as Mexico, whose population is around 90 million.

He said it would be more realistic to see the policy combined with a more traditional approach that uses an index tied to the currency of a na-tion's primary trading partners, as is done in Chile and Israel.

Either way, the Mexican government is likely to settle on a policy that gives it far more

Spot Commodities

Before the decision Dec. 21 to let the peso float, Mexico was allowing the currency to depreciate steadily in almost daily but tiny increments. By doing so, analysts say, Mexico overpriced its exports and invited a flood of imported products.

A Mexican finance official involved in the new stabilization plan said the old exchange system had to be abandoned because "it was the variable in the government's economic

Economists say the challenge for Mexico now is to maintain the price advantages that come

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ing a new inflationary spiral, The government hopes that the higher import prices and lower real wages caused by the devaluation will suppress demand for imports and halve the

\$30 billion trade deficit. Officials said the government would also reduce public spending by the equivalent of 2 percent to 3 percent of gross domestic product.

The stabilization plan will restrict economic-development loans and public financing that

have been used in the past to stimulate the economy and will accelerate the privatization of ports, petrochemcial plants and power stations.

for International Settlements, which is owned by European central banks, and a smaller amount from American com-

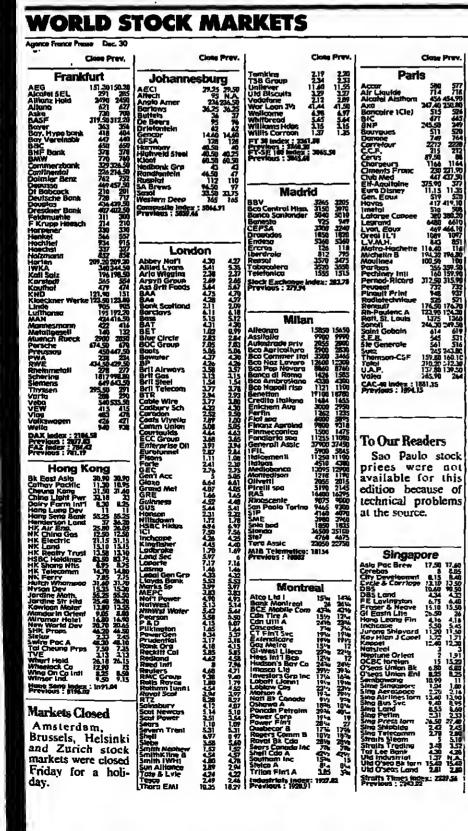
mercial banks. can official said, the Interna-

tional Monetary Fund had not been asked to provide any big what role Mexican banks will loans. Rather, he said, Mexico had sought the fund's approval of the stabilization plan to bol- government will encourage forster investor confidence.

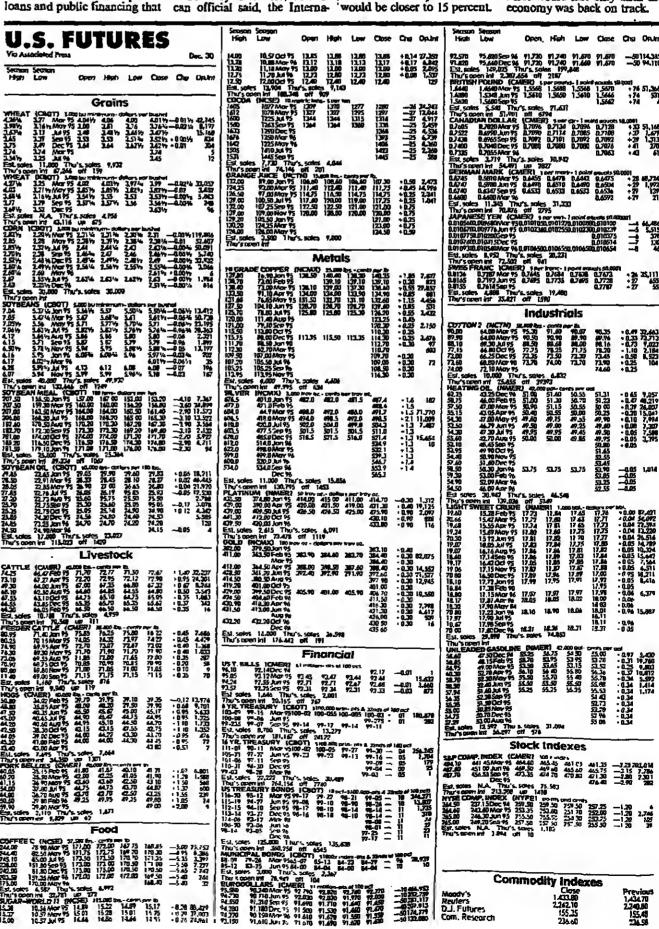
The success of the plan, the The international rescue official said, rested on the govfrom about 9 percent in 1994. an opportunity for growth." Contrary to rumors, a Mexi- forecast Thursday that the rate sures would last only until the

It is not immediately clear play in extricating the country from the crisis or whether the eign banks, including American ones, to become more active.

Mr. Zedillo, in his address plans include a swap line of ernment's ability to control in- Thursday, conceded that his adabout \$6 billion from the Bank flation. Economists in the Unit-ministration bad "underestied States have estimated that mated the problem" of the pe-Mexico's annual inflation rate so's fall but now wanted to will rise to 20 percent in 1995 convert "a critical situation into But Mexican finance officials He said the emergency mea-







Fininvest Set · To Sell Chain Of Superstores

MILAN - An Italian retailer controlled by Fininvest SpA was set Friday to announce the sale of its seven Euromercato hypermarkets, which have been

valued at close to \$600 million. A spokesman for Standa SpA, the Fininvest unit that owns the stores, would not confirm reports that the stores would fetch 950 billion lire (\$581 million) but did say the price was "in that range."

Fininvest is controlled by Silvio Berlusconi, who resigned as prime minister last week but is still running the government.

BMW to Add Shifts in '95

MUNICH - Bayerische Motoren Werke AG will introduce at least four extra shifts on Saturdays in 1995 to meet demand for its cars,

the company said Friday. A company spokesman also denied reports in a trade weekly that BMW's net profit would rise to more than 600 million Deutsche marks (\$385 million) for 1994, from 516 million DM in 1993, and that BMW production would exceed

600,000 cars in 1995. Separately, automaker Adam Opel AG said it expected to retain the 16.6 percent share of the German market it held this year.

Local press reports said the hypermarkets, which are huge suburban stores that sell food and a variety of consumer and household goods at below the prevailing retail prices, would be bought by the Benerion family and Leonardo del Vecchio. who controls the Luxottica SpA

eyeglass company. The spokesman said the Benetton bid had "the greatest pos-sibility" of succeeding but that there were other offers on the

Standa has been seeking a buyer for the stores since before Mr. Berlusconi moved into politics. Finiovest wanted to use the proceeds to reduce debt. Because the company is fully owned by Mr. Berlusconi and not publicly traded, it has fewer ways to raise cash.

The Euromercato deal includes licenses for seven stores and real estate for five of them.

Giancarlo Foscale, the presideot of Standa, told the ANSA news agency Thursday that the company would post a loss of 100 billion lire for 1994. He outlined plans to spend 150 billion lire in the oext three years to reorganize Standa, focusing on clothing and accessories.

Italy has fewer hypermarkets than any other major Western European country, and sales are booming after two years of recession. Italy has 165 hypermarkets, compared with 945 in France and 630 in Britain.

Hypermarket sales rose 13.4 percent in the first 10 months of 1994, according to government

More Snowflakes, Please Ski Industry Has Trouble at First Gate

ZURICH - Dreams of a white and lucrative Christmas turned to slush this week in many European Alpine resorts. But snowfall forecast this weekend may yet rescue the winter ski season.

Tourism officials, hotel and tour operators, and ski manufacturers say the lack of snow this Christmas hurt business little, if at all, Winter, after all, only officially began Dec. 22.

But for small businesses, such as lift operators, which have only about four months to generate their annual income, the beginning of this ski season has been devastating. In Switzerland, for example, only about half of all ski lifts are reported to he in

operation. Some lift operators in the canton of Valais have had to lay off seasonal workers. Skiing this Christmas was very bad," said Joel Gauthey, spokesman for Switzerland's 500 cable-car and ski-lift companies.

Klaus Stephan, director of the Austrian tourist office's hureau in Frankfurt, said Austria had about 50 centimeters (20 inches) of snow now, compared with a normal level of 1.40 meters (55 inches).

"The warm weather hasn't hurt us yet. And the latest weather reports indicate we'll be getting snow even in the lowlands until New Year's," Mr. Stephan said.

Of the 60 main tourist resorts in the Isere and Savoje regions of France, eight are still closed and only 15 have more than half of their pistes open. Of the 16 main resorts in the southern French Alps, two are closed.

Salomon SA and Skis Rossignol SA, the French ski-equipment companies, said they had been insulated from the sluggish ski season so far this year in Europe. About twothirds of their business comes from the Japanese and North American markets, they said. and they have diversified into other areas of sporting equipment.

Despite the weather conditions, travel agents generally say that business has not

Peter Dver from Crystal Holidays, Britain's higgest ski-tour operator, said the company had sold 30 percent more ski vacations this season than it had by this time last year.

Michelle Crane of Going Places, another British travel company, said husiness to ski resorts worldwide was up 5 percent from a year ago. She said Italy was doing well, partly because of the lira's weakness.

WTO Ready for Its First Steps

The Associated Press

GENEVA - The United States, Canada and the European Union handed over their formal ratifications of a landmark global trade pact Friday in a final rush to become founding members of the World Trade Organization.

About 85 countries have officially signed up as members of the new body, which will start Sunday to oversee international commerce and remove barriers

The new year will ring in a

ain's trade minister, Michael Heseltine said in London. "The creation of the World Trade Organization provides a firm basis for the future of international trading. This is a vote of confi-dence for multilateralism and an emphatie rejection of isola-

tionism and protectionism." The WTO is part of a 22,000page trade agreement thrashed out over eight years of tough negotiations among the 125 members of the General Agreement on Tariffs and Trade. It cuts import daties on hundreds

new era in world trade," Brit- of products by more than onethird and opens up trade in services such as banking.

> Despite its promised benefits, the agreement ran into stiff opposition from European farmers, U.S. textile makers

> It is still unclear how much authority the WTO will have in settling disputes. The United States has said it can pull out if it determines there have been three "unjustified" rulings against it within a five-year period against U.S. trade laws.

Joblessness In France **Drifts Up**

Compiled by Our Staff From Dispatches PARIS - Unemployment increased slightly in November, but the Labor Ministry said Friday that the trend toward im-provement was still strong.

On a seasonally adjusted basis, 3,000 people registered for unemployment, keeping the rate at 12.6 percent for a second month but lifting the total number to 3,337,200.

Labor Minister Miehel Giraud said the slight increase in the unemployment total was in line with a stabilization of the labor situation over the previous six months.

Mr. Giraud pointed to an overall decline in numbers of new jobless registrations, the result of a drop in layoffs. In the first 11 months of 1994, 34,900 people registered for unemployment, one-tenth the number in

"There is clearly an indisput-able deceleration," he said. Jobs have been created at a rapid rate in 1994 as the economy recovered sharply from the 1993 recession. But the recovery has spurred people who had giv-en up on finding work into re-suming their search — which seems to explain why job creation has not had any impact on

the unemployment rate thus far. The report came a day after French banks announced they were raising their hase lending rate by 0.3 percentage points, to 8.25 percent.

The increase, the second in four months, reflected higher interest rates in money markets and undercut a government campaign to create jobs at small and medium-sized companies.

(Reuters, Bloomberg)

Investor's Europe Frankfurt Paris London CAC 40 FTSE 100 Index 230 2800 A S O N D J Exchange Friday % Change Amsterdam **AEX** 414.47 Closed Brussels Stock Index Closed 7:248.64 Frankfurt 2,077.03 +1.42 2.106.58 Frenkfurt FAZ 784.43 781.19 +0.41 Helsinki HEX Clused 1,846.68 Financial Times 30 2,361.80 2.360.20 +0.07 London London 3,065.60 +1.37 General Index Milan MIBTEL **CAC 40** 1,894.15 +0.72

Very briefly:

Stockholm

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· Airtel, a consortium led by Air Touch Communications Inc., said it planned to invest more than 200 hillion pesetas (\$1.5 billion) building a cellular phone system in Spain and to turn a profit

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ATX Index

- Belarus and Russia will sign broad customs and monetary treaties next week, President Alexander Lukashenko of Belarus said, according to Interfax news agency.
- Russian inflation in December reached a record 16.4 percent because of higher food prices, according to the statistics office.
- . Daimler-Benz AG plans to enter the multimedia market and is looking to link its telecommunications and computer-based activities, a company executive said.
- Baltica Forsikring AS, a Danish insurer, said it had withdrawn its elaim to 350 million kroner (\$57 million) from Finansieringsselskabet Gefion AS after authorities closed an investigation into Baltica's sale of Groupe Victoire, a French insurer. Norway's oil production is expected to rise 15 percent to nearly 3
- million barrels a day in 1995, the oil directorate said. Portneal's Oporto stock exchange has delayed launching a
- financial futures market until mid-1995, saying "conditions" were

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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BULLS: Now, About Those Trends FUNDS: Stocks Keep Investors

Confinned from Page 7 any market decline "might last

longer than I now think likely." · Capitalism is spreading No doubt about it. But as

investors learned in 1994, that isn't necessarily immediately positive for financial markets. Surprising economic strength worldwide this year as demand for goods and services boomed helped send interest rates rocketing. As capitalists everywhere clamored for capital, some economists began to argue that long-term interest rates were in February many Wall Street bound to stay high in the 1990s, analysts figured that the marreflecting a relative shortage of

Even so, William Dodge, an investment strategist at Dean Witter, Discover & Co., argued that the capitalism wave "can't be bad in the long run" for investors, especially considering the alternative. The major industrial companies of the world's developed economics will be the real near-term winners, he said, because they will "provide the tools" to make developing economies grow.

• Inflation will stay low.

It did in the United States, Europe and Japan in 1994. U.S. consumer inflation is expected to total a mere 2.7 percent for the year, despite the economy's boom. Wall Street credits the highly competitive U.S. econo my and increasing competition

long-term houd yields from surging in the United States or

Europe - to the shock of most investment specialists. Now, many economists said they ex-pected a slight pickup in infla-tion in 1995, in part because a tight U.S. labor market will

wages.
The consensus estimate for U.S. consumer-price inflation next year is 3.4 percent, according to the newsletter Blue Chip

help workers negotiate higher

Economic Indicators. In theory, at least, financial markets are already prepared for such an uptick. Then again, kets were prepared for the Fed-Reserve Board's initial credit-tightening move. In retrospect, of course, they weren't.

• Small stocks will outper-

form big stocks. Small-stock indexes beat blue-chip indexes three years in a row, from 1991 to 1993, which analysts attributed to the smaller companies' nimbleness and ability to meet "niche" demand in the global economy. Many experts predicted that the small-stock bonanza would last between five and eight years.

But the streak has ended. The Russell 2,000 index of smaller stocks is down 4.5 percent for the year, while the blue-chip Standard & Poor's 500 index is down just I.1 percent.

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Continued from Page 7 managers said Thursday the outflows were comparable in December.

The November outflow broke a record of \$8.7 billion set in October 1987, when the stock-market plunge sent investors fleeing from all categories of funds. The cash-flow figures include purchases and withdrawals of funds as well as net transfers between different types of funds but do not in-

clude reinvested dividends. Through the first 11 months of the year, every category of bond funds had substantial cash outflows, with the exception of three hybrid types asset allocation, balanced and income funds — that include both stocks and bonds but are

classified by the Investment

Company Institute as bond funds. The total outflow in strict

bond funds was \$54.8 hillion, almost enough to offset the net inflows of \$73.5 billion into such funds in all of 1993, when rates were much lower. In stock funds, the brief fall in

prices in November clearly made investors skittish. Stock funds took in a net \$3 billion from investors, the lowest since August 1991, but the figure was still positive, as it has now been for 49 consecutive months. There had been talk of large

withdrawals in November, in part hecause Fidelity Investments, the largest American mutual-fund company, reported a small outflow, caused entirely by flows out of its interna-

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ASIA/PACIFIC

China Chalks Up Good and Bad In 1994 Data

ed by Our Staff From Dupatches BEUING — China's economy grew almost 12 percent in 1994, the third straight year of ment's target, hit its highest lev-el since the 1949 Communist takeover, China said Friday, summarizing the year's economic data

China's gross domestic product was valued at 4.3 trillion yuan (\$509 billion), up 11.8 percent from 1993, according to a State Statistical Bureau spokesman, Ye Zhen.

Beijing had set a 9 percent growth target for the year. GDP grew 13.4 percent in 1993 and 13.6 percent in 1992.

Mr. Ye said that China still had potential for "most vigorous economic development," adding, "Generally speaking, the economic performance for the year 1994 is basically normal; the achievements made are

encouraging."
But, he said, China is facing inflation, decreasing real income for the lower-paid, inadequate agricultural development and heavy losses by stateowned enterprises.

The consumer price index rose 24.2 percent during the year, while the retail price index, a narrower measure that excludes services, climbed 21.7 percent

The inflation target for 1994 was 10 percent.

"I think a lot of people do not understand that much of what we are calling inflation is the result of planned price reforms," Mr. Ye said, "There are some who would argue this shouldn't be called inflation at all."

.He said the target had been set too low because the bureau had underestimated the effect of lifting price controls and had not anticipated floods and the end of 1993.

droughts that damaged crops and increased grain prices. He said prices probably

rapid growth, but inflation, at more than double the government's target his its his to be a superior would keep rising rapidly in early 1995 but then respond to control measures with

The government will implement no further price reforms in the next six months, Mr. Ye said. "What we need now is a certain period in which to digest the price rises that we've seen already," Mr. Ye said.

The economic picture was further blackened by losses among state-owned enterprises. About two-thirds of the estimated 76,000 such concerns are losing money or on the verge of bankruptcy. The cost of these losses to the state hudget was up 27.6 percent in the first 11 months of 1994, he said.

On the bright side, China ran up a \$5 billion trade surplus in 1994, reversing trade deficits in the previous two years. Exports vere valued at \$120 billion.

Despite natural disasters in some areas, Mr. Ye said, agriculture grew by an estimated 3.5 percent in 1994.

No grain shortage is foreseen in 1995, he said. (AP, Reuters)

■ Currency Reserves Rise Surging exports, major currency reforms and record overseas capital inflows boosted China's foreign-exchange reserves to \$48.9 billion through November, Reuters reported, quoting a gov-

ernment economist. "All of the factors that influenced the growth of China's foreign exchange reserves in 1994 will still exist in 1995," the chief economist at the statistical bureau, Qin Xiaohua, said.

Officials said the year-end foreign reserves figure should reach \$50 billion, more than double the \$21.2 billion held at

Government Still Holds the Phone In India, Even a Busy Signal Would Be a Blessing

By John Ward Anderson

NEW DELHI - When high-tech companies consider the market in India, they like to chew on this morsel: It took the country's bloated, state-run telephone monopoly 110 years to install 8 million phones, but it has taken private cable operators just three years to install 20 million satellite TV hookups.

That comparison displays both the problems and the potential that telecom-

munications and other high-tech industries face in India, which, almost four years after launching an ambitious eco-nomic liberalization drive, is still trying to shake off the lethargy of its socialist past.

"Admittedly, it's a different technology, and these cahle-TV operators are unlicensed pirates, but it shows what free-market incentives can do," a Western diplomat said. By contrast, it still takes up to seven years to get a phone here, and there are more than 2.5 million people on the waiting list nationwide.

Bringing India up to modern commu-

nications standards will cost more than \$100 billion in the coming decades, making this one of the world's largest telecommunications markets and a magnet for firms such as AT&T Corp., U S West Inc., Sprint Corp. and Motorola Inc.

The modernization — providing more phones and services such as paging, cellular phones and electronic mail - is considered a crucial prerequisite for India's becoming a serious player in the global economy.

The inadequacy represents a considerable constraint on all aspects of the country's economic and social development," a recent World Bank report said.
"Poor telecommunications adds significantly to transaction costs, which in turn undermines the country's competitiveness and inhibits business development and investment."

The telecommunications industry, along with other infrastructure areas such as power and transportation, will be high on the agenda when Ronald H. Brown, the U.S. commerce secretary. and two dozen chief executives from American firms visit India next month.

These issues are important not only because Western companies require stateof-the-art services to conduct business but because many of those companies could reap a multibillion-dollar bonanza by helping India upgrade its facilities.

Business leaders said they hoped an average of \$1,500, compared with a global average of about \$1,000 a line, andia's decision three years ago to end its India's decision three years ago to end its communications monopoly and open at least some of the industry to private companies and foreign investors.

But the privatization process has been mired in litigation and delay, the shortage of funds to upgrade basic telephone service is huge, the government has taken only half-steps in some key areas of telecommunications reform, and there is a growing movement to stop giving foreign companies concessions.

Some analysts said they believed that India's reforms, which are popular with Western governments and businesses,

Fewer than 30 percent of calls go through on the first dialing, and twothirds of the country's villages have no phone.

have not helped most Indians and were responsible for the drubbing the governing Congress (1) Party took in recent

The magnitude of the problems with India's communications industry is hard to overstate. The industry is still guided by the Indian Telegraph Act of 1885. Corruption in the Telecommunications

Department is legendary.

The telephone hureaucracy employs about 480,000 people for the country's 8 million telephone lines, or about one worker for every 17 phones. Yet studies show that fewer than 30 percent of calls go through on the first dialing, and twothirds of the country's 600,000 villages still do not have a phone.

Hoping to attract foreign companies to mimic the "economic miracle" of its Southeast Asian neighbors, India has made upgrading its telecommunications facilities a priority. The country has set amhitious — some say unrealistic — goals of eliminating phone waiting lists, installing 8 million additional phones and delivering phone service to every village by 1997. After that, the country aims to install 10 million more phones by 2000.

With each new phone hookup costing

ago that the only way to pay for the modernization was to break the state's monopoly and let foreign companies own and operate a portion of the telephone system in exchange for building it.

How this will work in practice is still unclear, as competitive hidding is not expected to be completed until March. Many foreign companies are worried because their share of ownership has been capped at 49 percent, harring them from having a final say on key management decisions despite their huge investments.

The companies are also concerned that they would be allowed to operate only local phone service and not the more lucrative long-distance and international services, which will be reserved for the Telecommunications Department.

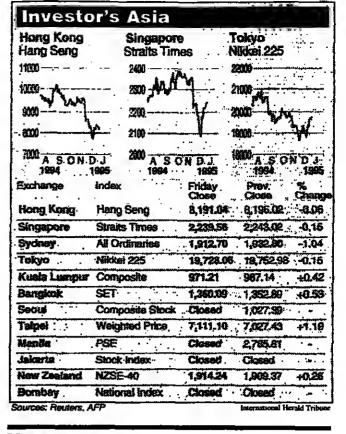
"Right now, the Department of Telecommunications is a regulatory body, a licensing body and an operating agen-ey," said Ashok K. Sapra, president of Sprint RPG India Ltd., which began offering electronic-mail services in India two months ago. "It's difficult to operate in an environment where you have to compete with the same organization that sets the terms and conditions."

Even so, foreign companies are lining up to do business here, assuming that India will not be able to afford its 51 percent share of the modernization program and will be unable to keep up with mand for long-distance service.

"People are getting into the market ssuming the conditions will change and the industry will become as attractive as it is elsewhere in the world," said Amit Sharma, Motorola Inc.'s chief for Central and South Asia. "There's a fair amount of faith the government will want to open up and become more reasonable."

Motorola, which expects to invest about \$150 million in India by 1997, is focusing on providing pagers and cellu-lar phones — services that are already available in many nearby countries but have been delayed in India by years of legal wrangling over contract awards.

But with paging services expected to begin this spring and cellular phones as early as this summer, Mr. Sharma predicted that as many as 5 million people would have pagers and 500,000 would have cellular phones within three years. "The floodgates are open," he said.



Very briefly:

 China, the world's No. I coal producer, will curb illegal township coal mines that account for a large sector of the industry, official news reports said. The township mines employ 2 million people and produce 40 percent of the coal China needs

· Sanyo Electric Co., the Japanese electronics maker, has shifted mass production of personal computers to Mexico to raise price competitiveness, the Nihon Keizai Shimhun reported.

 Malaysia recorded a trade deficit of 1.8 billion ringgit (\$704) million) in the first nine months of 1994, reversing a surplus of 4.7 billion ringgit in the year-earlier period.

Bank of Thailand will allow foreign banks with Bangkok Interna-tional Banking Facility licenses to provide financing in provinces outside Bangkok, Vijit Supinit, the bank's governor, said.

 Vietnamese unions want a large raise in the minimum wage paid to employees of foreign companies; the government fears such a raise would harm plans to improve Vietnam's competitiveness.

billion) in the three years to 1997, compared with 270 hillion yen spent in the three years to 1994. Toys 'R' Us Inc. has been ordered to supply the retail workers' union with details of pay rates in response to allegations it was underpaying workers in Adelaide, Australia.

Kirin Brewery Co. will cut capital spending to 230 billion yen (\$2

· Hong Kong telephone and facsimile numbers will have the numeral 2 as an extra prefix beginning next month, Hongkong Telecommunications Ltd. said.

 Mark Mascarenhas, a U.S.-based Indian businessman, paid \$200 million for a former gas pipeline that he says he plans to use in a cable-TV network linking half a million households and offices in Bombay. AFP. AFX. AP. Renders

China's Top Tiremaker Plans to Issue Eurobonds

SHANGHAI — China's leading tiremaker won approval for a Eurobond convertible issue, only the second Chineselisted company to plunge into the international debt market, a company official said Friday.

Shanghai Tire & Rubber Co. announced plans to issue \$120

million of bonds in the next six months. The notes will be convertible into the company's hardcurrency B shares, which are traded mainly by overseas

investors, and will mature in 2002. Xu Dongming, secretary to the office of the board of directors, said that the bonds would have a primary listing in Luxembourg and that the company was seeking approval for a secondary listing on the Shanghai Stock Exchange.

He said the China Securities Regulatory Commission had approved the move but technical details still had to be worked out with Shanghai securities authorities, the Securities Commission of the State Council and the People's Bank of China.

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Worst Year Since '82 Tempers Forecasts for Hong Kong Stocks

HONG KONG - The stock market Friday finished its worst year since 1982, with its main index down 31.1 percent after hitting a record

high just after the beginning of 1994. The Hang Seng Index, after touching a peak of ,599.23 in intraday trading Jan. 4, closed at 8,191.04, for its first losing year since 1987. And it ended with a whimper, as the Hang

thinnest trading of the year. The 1994 performance by the Hang Seng was its worst since it slumped 44.25 percent in 1982,

and analysts are far more circumspect about the outlook than they were a year ago.

In 1987, a year marked by a global stock-market meltdown in October, Hong Kong's benchmark index lost only 10.34 percent. "We've had six consecutive up years on the Hang Seng," said John Quinn, chief investment

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Asia. "People got spoiled."

After the market finished 1993 at an all-time high of 11,888.39, market professionals were confident about the prospects for 1994, with many predicting a fourth consecutive year of double-digit percentage gains.

The market did accommodate the hulls early high earnings yield of 10 percent on the stocks in on, with the Hang Seng elimbing to a record the index but a low prospective 12-month pri-closing high of 12,201.09 on January 4. After a brief hut sharp consolidation down to around

Instead, the market was blindsided by the interest-rate increases in the United States starting in early February, which directly affected some local rates because of the Hong Kong dollar's peg to the U.S. currency. Five more rate rises throughout the year followed.

Analysis this year are far more cautious, with

officer at Natwest Investment Management most not expecting much to happen until at least the second half of the year.

At S.G. Warburg, the research director Danny Truell said his target for the Hang Seng Index in June 1995 was 8,600 — barely 5 percent above where it is now. That level, he said, would represent a relatively

"A 1995 second-half rally will require interest

10,100, prices again moved higher but were un-able to surpass the January peak. rates and earnings expectations to stabilize," he "Those of us who are more bullish believe that

U.S. interest rates will probably stop going up sometime in the middle of 1995," Mr. Quinn

The U.S. rate increases, combined with Hong-Kong government measures to cool property speculation, weakened the property market in

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1994, and property stocks are the largest component of the Hong Kong stock market. ■ Taiwan Opens Automated OTC Market

Taiwan inaugurated its computerized over-the-counter securities exchange Friday, and offi-cials predicted rapid expansion with 100 listings expected in 1995, Reuters reported from Taipei. The new system is intended to centralize and

speed the laborious trading process in the current are listed, officials and analysts said.

The new market is to act as an independent body under the Securities and Exchange Commission, in contrast to its ambiguous status now under the unofficial Taipei Securities Dealers' Association. Turnover now averages 1 million Taiwan dollars (\$38,000) a day, compared with the Taiwan Stock Exchange's 100 hillion dollars, according to an official in the OTC exchange's trading department.

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IN SATURDAY'S INTERNATIONAL HERALD TRIBUNE TODAY-PAGE 6

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That Was The Year That Was

HAT a difference a year makes. And global bond mar-kets aren't the only inhabitants of the investment universe to be glad that this one is over. Equities nearly everywhere should also be feeling giddy when the clock strikes 12 on Saturday night.

Consider stock-index performances around the globe, as of late this week, calculated in local currency by Bloomberg Business News. First, the major "mature"

In the United States, the Dow Jones industrial average gained just over 2 percent this year and the S & P 500 lost nearly I percent. Last year, the Dow was up over 13 percent while the S& P gained 7 percent. In 1993, England's FT-SE 100 index

gained almost 20 percent while the DAX in Frankfurt rose nearly 50 percent and France's CAC-40 returned 23 percent. This year is quite another story, with the British index falling 10 percent, the German 8 percent and the French 17 percent. The International Herald Tribune World Stock Index posted a healthy 22.86 return in 1993, but this year it's up only 2 percent.

But perhaps a more painful story is that of the emerging markets, some of which rose dramatically in 1993, seducing wowed investors to get in in a big way. The casualties: Poland, up a staggering 1.034 percent last year, down 44 percent this year; Thailand, up 89 percent in '93, down 22 percent in '94; the Philippines' Manila Composite Index gained 151 percent last year and lost nearly 16 percent this year. The litany goes on:

Emerging-market bulls say that such wide swings represent merely growing pains for a host of long-term happy end-ings. Maybe they're right, But this year's

As for 1995, who knows? But this reflective moment of the year often conjures up a thought worth remembering: In mature markets or emerging ones, in hedge funds or bond funds, in options or futures, as in bebop and in love, timing is everything.

Will the New Year Invigorate Hung-Over Government Bonds?

By Martin Baker and Philip Crawford

F 1994 has been a bad year for you, take heart, it could have been worse. You could have been a bond dealer. And if you were a bond dealer, cheer up. After the year you've bad, things can

only get better.

Indeed, the current financial crisis in Mexico, which has called into question the country's ability to repay holders of its U.S. dollar-denominated securities, seems a fitting coda to a year that, for global government bond markets, has been one of living most dangerously.

Not that the prolonged weakness of the U.S. dollar — which took another hit against major European currencies and the Japanese yen on Wednesday amid rumors of an international rescue package for Mexico --- or the sheer viciousness of one of the biggest, nastiest bear markets in government debt in memory was foreseen

a year ago. Generally speaking, it was not. But the conjunction of these two separate-but-related factors bave spelled nothing but gloom for legions of investors around the world. U.S. Treasurys, to take just one high-profile example, lost 4.5 per-cent of their value in 1994 through the beginning of this week, according to sta-tistics published by U.K.-based Kemper

Investment Management.

The consensus view of the dollar's weakness at the beginning of 1994 was that it was no more than a phase. Many market observers argued that the greenback would strengthen significantly as U.S. authorities jacked up interest rates

from 25-year lows. Analysts who held that view got at least part of it right, according to Nick Knight, head of strategy at Nomura Research Institute (Europe). "The market expected rises and it got them," he said. "But what it didn't expect was a series of interest-rate rises elsewhere. There was an auction for investors' capital."

Giorgio Radaelli, a senior economist at Lehman Brothers in London, argues that the two most significant factors in the decline of bond markets and the dollar in 1994 were "a much quieter money policy than people expected from U.S. authorities and the explosion from the German

M-3 figure." Indeed, last March when Germany indicated that its M-3 money supply was growing far faster than had been expected. the markets instantly pushed up short-

Fixed Interest Investing

Page 15 Funds vs. direct investment The U.S. bond sector looks ahead A busy year for derivatives

The lessons of Orange County

and long-term rates for the Deutsche mark. M-3 is the widest measure of the German money supply and is used by the Bundesbank, Germany's central bank, to guide its interest-rate policy.

"Suddenly there was a positive curve over the long term," said Mr. Radaelli. The result was that the outlook for the dollar, which had been bullish at the beginning of the year, very quickly became

That negative sentiment got a fresh job of support on Wednesday as the dollar slid against the Deutsche mark, the French franc and the Mexican peso, which gained back some of what it had lost against the dollar in previous weeks. The nearly three-pfennig fall against the mark was the dollar's steepest one-day plunge since July. The U.S. currency rebounded on Thursday, however, amid speculation that Wednesday's fall had been overdune. Some analysts maintain that 1995 will be

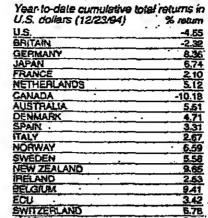
rosier for the dollar. Indeed, the dollar hit a three-month high against the mark earlier this month and picked up considerable steam against the French franc and the yen between late October — when a report on U.S. gross domestic product indicated lessthan-expected third-quarter growth --- and the beginning of December.

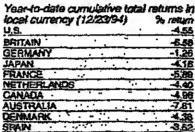
In mid-November, buyers increasingly flocked to the dollar when the U.S. Federal Reserve Board raised interest rates by three quarters of a percentage point, fur-

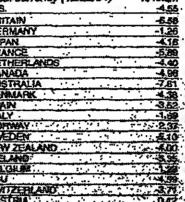
ther easing fears of inflation. Paradoxically, however, the weakness of the dollar throughout much of the year created opportunities for investors in international bonds. Even though government bond markets around the world have had a very poor year, dollar-based investors may have benefited from currency

The Finnish market affords a good example. The Kemper benchmark of average bond prices shows that, in local terms. Finnish bonds were off by 4.26 percent this year through the beginning of this week. But thanks to the weakness of the dollar against the Finnish markka. the dollar-denominated return yielded a gain of 14.06 percent over the period.

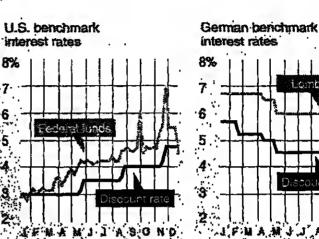
Government Bond Returns







Deutsche marks per dollar, weekly (inverse scale) 1.60 1.65



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Australian bond investors have a similar tale to tell. The appreciation of the Australian dollar against the U.S. currency produced an average gain of 5.51 percent in U.S. dollar terms. Yet the local market has witnessed carnage in 1994, with prices falling back an average of almost 8 percent as domestic interest rates

Moreover, holders of German bonds have seen average returns of 8.36 percent in dollar terms, and dollar-denominated debt in Belgian francs (a currency that follows the German mark very closely) has returned 9.41 percent. In both cases, the local prices are marginally down on the year. Almost all of the profit for the dollar-based investor has come from currency

Much of the problem in the bond mar-kets has stemmed from a fear of inflation. But, "there is little doubt that the rise in short-term interest rates reflects a fear of inflation that is not reflected in any published statistics," said a Kemper report earlier this month.

Mr. Knight said that many of the negative bond trends of 1994 were partly due to the bull runs of 1992 and 1993, and he's not predicting a big rebound for bonds in 1995.

He also argues that the kind of economic recovery now being seen in many countries is consistent with higher long-term interest rates. Which is, of course, bad for bonds.

The question for investors, however, is: How much of that news has been assimilated and priced into bonds already? That is a question sure to give bond analysts pause over the next few weeks.

Currencies against the dollar, weekly (tradise-scales) Canadian Dollar 112 Italian Lira 1550 1600 1650

Some Swells of Optimism for the Dollar

By Aline Sullivan

7

ANG ON to your U.S. dollars. That's the advice of many currency analysts to dollar investors for the first half of 1995,despite the U.S. currency's slide this week amid Mexico's financial crisis.

Many private investors might find this hard to believe after their hopes for the U.S. currency were repeatedly dashed in 1994. But this time the pundits appear more confident than they were a year ago. Ravi Bulchandani, a foreign exchange

analyst at Morgan Stanley in New York. argues that the dollar never realized its promise last year because the markets' fears of inflation outpaced the U.S. Federal Reserve Board's willingness to raise interest rates. In the jargon of the currency markets, said Mr. Bulchandani, the Fed was "behind the curve."

Indeed, add other analysis, the Clinton administration in the first half of 1994 gave no indication that a strong dollar was among its economic objectives. Instead, government officials seemed to welcome the Japanese yen's strength against the dollar as a bargaining chip in negotiations aimed at persuading the Japanese to open their markets wider to U.S. companies and products.

Today, the picture appears to be different. For the past six months, the Clinton administration has been talking the dollar up. "Perhaps officials realized that a weak and declining dollar costs more in financial market turbulence than it yields in trade benefits," Mr. Bulchandani re-

More important, the Fed's anti-inflation strategy seems to be gaining credibil-

higher in relation to Japanese rates than they have been at any time since 1989. At the same time, the U.S. trade delicit that so weakened the dollar throughout much of the past year is widely expected to shrink as economic recovery elsewhere in the world generates stronger demand for U.S. goods and services.

ity. U.S. short-term interest rates are now

The macro-economic picture may be complicated, but the message for investors may be simple. "Investors should keep hold of their dollars," said Mike Rosenberg, a fixed-income analyst at Merrill Lynch in New York. "The Fed will tighten monetary policy in January and probably again in March." Higher U.S. interest rates will translate into a stronger U.S. dollar in the first half of next year, Mr. Rosenberg added.

In the longer term, however, the out-look for the dollar may not be so bright. Mr. Rosenberg predicts that the dollar will lose some of its appeal in the second half of 1995 when Germany and Japan are expected to raise interest rates and thereby boost the attractiveness of their curren-

The currency analysis team at Lehman Brothers in London forecasts a similar scenario. In a recent note to clients, it said thal Japan's declining trade surplus should crode the value of the yen against the dollar over the next few months. But, the analysts predicted, monetary policy is likely to firm in Japan later this year,

making the yen stronger. Other currencies likely to rise against the dollar in the second half of 1995 include the Canadian dollar, New Zealand dollar and the Italian lira. Many analysts believe that the Canadian currency in par-

ticular will show substantial gains when the Quebec independence issue is settled. Such gains would be bolstered if Canada raises interest rates in response to higher rates in the United States.

"The Canadian dollar is extremely undervalued," said Mr. Rosenberg. "It should be at between 1.25 and 1.30 Canadian dollars against the U.S. dollar, instead of at around 1.40 like it is now."

The Lehman Brothers global economics team in London noted that the Canadian dollar has already started to rise over the past month. They attributed the gain to investor sentiment that Quebec is unlikely to split from the rest of Canada following the slender majority of the separatist Parti Québécois in a provincial election in Sep-

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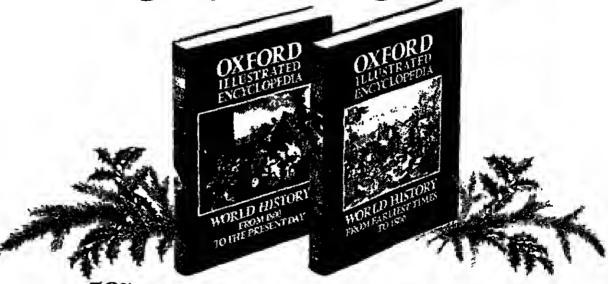
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The Italian lira may take longer to recover. The value of the currency deteriorated throughout December, reaching a new low just before Christmas when the coalition government headed by Silvio Berlusconi collapsed. Analysis warned that the worst may be yet to come.

"The lira will not recover until some new political configuration emerges that enables the Italian government to focus on the urgent task of fiscal consolidation," said Mr. Bulchandani

The Mexican peso, after losing nearly 40 percent of its value against the U.S. currency earlier this month, gained against the dollar this week due to the possibility of an international rescue package to alleviate Mexico's financial crisis. Meanwhile, some currency analysts say that the declines in the currencies of other Latin American countries have been excessive and that some may offer good opportunities for dol-

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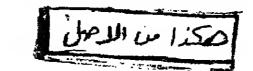
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THE MONEY REPORT



Leading Domestically. invested Bond Funds

Total percent return in U.S.dollar terms in 1994 (through Dec. 12)

British Unit Trusts	
Abbey Capital Reserve	8.60
HTR Preference & Gilt	2.96
Proffic Preference & Fxd Intr.	- 1.89
Burgage Short Dated Gilt	1.84
Thornton UK Preference	1.36
Gammore Preference	1.35
Britannia Lf Giff & Fixed Int.	0.96
Utd Friendly Fixed Interest	0.76
Abtrust Fixed Interest	0.61
Allied Dunbar Government Secs	-0.20

17.23
16.73
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BWK-Wuent Laufzeid (31.3.95)	15.57
ADIG-Laufzeitfonds (15.12.1994)	15.31
Victoria-Euroflex	15.15
MK DM Variozins	15.09
MMW/-Renakop-Fonds	14.98
Oppenheim Priva-Rent K.	14.57
Oppenheim Spezial IV:	14.54
ELFOTERM	14.51
JPM-DM-Liquid	. 14:31
Santander Euro Liquid	13.77
U.S. Mutuals	
Hanffen Imholf CO Bond Sh	5.74
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3.70

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Source: Micropal

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Leading Internationally-**Invested Bond Funds**

Total percent return in U.S.dollar terms in 1994 (through Dec. 12)

British Unit Trusts	
Abbey Worldwide Bond	3.26
Lincoln National Int Curr Bond	0.81
Norwich International Bond	-0.35
Sanwa Global Bond	-0.57
S & P International Bond	-0.81
Prov Capitol Worldwide Bond	-1.68
Gartmore Global Bond	-3.02
Schroder Global Bond	-3.09
Marlborough Manager	-3.17
Mercury Global Bond	-4.24
MGM International Bond	-4.51
Invesco International Bond	-4.70
	4

French Sicavs	-
Orsay International Bonds	7.63
Rochefort Obligations	7.56
Elan Oblimonde	7.01
Victoira Andromede	6.59
Victoire Securite	5.78
Victoire Obligations	5.76
Viviongterme	4.89
Obligations Toutes Categories	4.80
Strategie Rendement	4.72
Nord Sud Development	4.43
Soprane Oblig Inter	4.33
Euroval	4.33

German Investmentfonds	
Euroinvest-int'l Rentenfonds	13.92
DVG-Fonds Inter-Vano-Rent	10.24
PEH-Universal-Fonds-IR	9.24
DekaZins-International	7.12
Rendite Spezial DWS	6.95
BWK-Wuetternb. Intern, Flenten	5.25
Saekular-Universal-Fonds	5.00
LG-InternatRegionfonds Deka	4.55
SchimdtBank Global-Renten Fl	4.54
Bil Balanced Fonds - Euroiny,	4.46
Maffei Interrent OP	. 4.33
Inka-Rendite	3.72

U.S. Mutuals	
Franklin Tripl Gl: Ger Govl	8.12
Anchor International Bond	6.09
MetLife Port, Infl Fixed/C	3.73
-Alliance World Income Tr.	2.97
SEI Intl. Int'l Fixed Inc.	2.89
Pligrim Global: Sh Mult	2.64
J Hancock Sht Strat Inc/A	2.28
Keystone Aust: Income	2.22
Flex-fund: Sh Tm Global Inc.	1.76
Thencock Shot Strat Inc/B	1.61
Frankin Part, Tax Ad Int'l	1.47
Benham Int't: Euro Govt Bd	0.86

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Bond Buyer's Dilemma: Funds or Direct Plays?

By Barbara Wall

HE notion that there is safety in bond funds has been universally shattered during the past 12 months. Indeed, despite being marketed as low-risk. high-return investment products, few bond funds have emerged unscathed from the market's vicissitudes. Now, as fund managers claw their way back from the abyss,

they will have to work hard to encourage investors back into the fold, say market analysts.

An important choice facing bond investors in 1995 will be whether to continue to trust bond funds or whether to invest in fixed-income markets directly. Moreover, analyst opinion regarding the pros and cons of each approach varies widely.

Robert Burdett, a senior fund manager with Berry Asset Management in London, believes that a professional manager should add value to a fund over time. However, he noted that there are many circumstances where direct investment in the bond market may be more appropriate for an investor's

"The direct route has many

are looking for security of in-come and if they know exactly ity Investments' Paris office. investment," be said. "As well ments are regularly used as a portfolio of three or four years as saving on management fees, proxy for money-market funds a fixed redemption date so that But he warns investors to pay it will be possible in predict investment return. As single effect of inflation on the capital bonds pay fixed rates of inter- value of the investment. est, the investor will also know exactly how much income to

"A bond fund is much less visible," Mr. Burdett continued. "Although investment risk is to a large extent diversified, there is no fixed redemption to predict income levels."

While the comfort factor appeals to some investors, others may choose to play the market directly because their specific requirements and concerns cannot be easily accommodated by the fund structure. For example, the interests of investors in high tax brackets mny be better served by a low-coupon, single-investment bond rather than by a fund. Those most concerned index-linked British govern-

ment bond, known as a gilt.

how long they want to bold the said that single-bond investinvestors can select a bond with when conditions are favorable. mended upper limit," special attention to the duration with absolute certainty the final of the bond and the possible

"Too many investors buy long-dated bonds in the mistaken belief that no matter what happens to the market, they will get their money back on redemption," be said. "They fail to recognize that after 5 or 10 years, due to inflation, their date and it is almost impossible money will have greatly depre- proach.

While small investors obviously do not have to limit themselves to a single bond investment, many experts say that those without much experience should restrict their bond inerwise, dealing charges can be of scale. extremely expensive and the portfolio difficult to manage.

Mr. Saleur favors the Italian Renaud Saleur, director of regardless of the target market. ment umbrella."

"Interest rates are unlikely to ity Investments' Paris office, go down by much in the longduration is probably the recom- curity and a regular income

Mr. Saleur said he felt that taking a global perspective lended to offer the best prospects for risk diversification, flexibility and profit. But be acknowledged that the average investor was unlikely to brive the financial resources or knowhow to invest across many different markets. The global realm, he said, is where the managed bond fund has advantages over the do-it-yourself ap-

"Direct investors would need approximately \$1 million to assemble a risk-diversified global bond portfolio," he said. "That's considerably more than is required for direct investment in equities. And the managed vestments to one market. Oth- fund benefits from economies

"Fund managers are able to keep commission payments down by dealing in larger volbond market because the cur- umes, while portfolio adminisby the inflation climate might rency is cheap due to current tration and custody arrangefeel more comfortable with an political upheavals. He also adments are taken care of vises that the duration of one's efficiently and relatively inexportfolio should be kept short pensively under the manage-

Michael Dyson, a bond strategist at the brokerage Barclays term," he said. "Therefore, a de Zoete Wedd in London said: "If investors are looking for sestream, they could do worse than to invest in British govern-

ment securities. Although bond funds tend to offer lower yields than buying directly into the bond market, professional managers should be able to chart an investment course far more effectively than amateur investors over a two- to three-year period, add some an-

"The difficulties of monitoring different positions and cur-rencies can be huge," said Paul Wynn, director of fixed-income investments for Lehman Broth-ers in London. "As well as tracking market movements, detailed knowledge of the various regulatory regimes is required. And few private investors have the resources or the time to devote to such a task.

Mr. Dyson added that good fund managers correctly and cipated the best place to be on the yield curve at any given time.

The Money Report is edited by Martin Baker

Reeling, U.S. Fixed-Interest Sector Looks to 1995

By Judith Rehak

HERE are varying opinions among fixedincome strategists as to where the U.S. bond markets are headed in 1995, but virtually no disagreement as to where they've been this year. It has been one of the most disastrous years ever for bonds.

As of November 30, not one of the 11 categories of U.S. bond funds tracked by Morningstar, Inc., the Chicago fund data group, was in the plus column for 1994. In the taxable arena, losses

ran between 4 percent and 5 percent on average for U.S. government Treasury bond funds. And tax-free bond funds fared even worse. National funds, those that buy municipal and state debt around the country, lost 7.06 percent on average, while single-state vehicles that buy debt within one state plunged 8.54 percent. These numbers reflect total returns, or share-price changes plus divi-dends paid to fund sharebold-

d yields to soar, and est rate move?" ond prices move in te direction of yields. battered the net-asset-values of bond funds.

Not surprisingly, investors bonds with a two-year duration.

By Baie Netzer

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they pulled out \$54.8 billion, according to the latest figures from the Investment Company Institute, the U.S. mutual fund

industry's trade association. But investors are exiting bond funds just when the worst is behind them, say some market analysts. Indeed, even though bond funds are still down for the year, many are beginning to show small gains. And the Fed is expected to raise short-term interest rates only once or twice more in the coming year, amid growing signs that the U.S. economy is slowing. Best of all, yields look increasingly tempting: Two-year

yielding about 7.63 percent. That is leading many investment advisers to say that investors can do well by buying short-term bond funds, where they can get attractive yields with limited risk to their princi-

Treasury notes are currently

"I'm still cautious about the bond market," says George Kinder, an investment adviser The carnage was the direct based in Cambridge, Massane U.S. Federal Re- chusetts. "And given that a tword's six consecutive year Treasury note is currently n short-term interest yielding very close to the yield ighout the course of of a 30-year Treasury bond its efforts to stave off [7.63 versus 7.77 percent], why The higher rates take the added risk of an inter-Mr. Kinder is recommending

the T. Rowe Price Short-term Bond Fund, a mix of Treasurys and high-quality corporate

fled bond funds in droves. Over "It's safe and reaching for a 7 rate bonds rated below invest the first 11 months of the year, percent yield," he said. "rate bonds rated below invest ment grade, looked like a good

For investors who want more money-market fund typically offers, some advisers are sug-gesting even shorter-term vehicles, such as the Strong Advan-tage Fund. The average maturity of its corporate bond holdings is only six months and it is one of the few bond funds to show a positive return for the year. It is currently yielding 6.7 percent, compared with 5,17 percent for the average money

At the same time, a growing number of strategists say that with interest rates expected to peak out and start downward in 1995, the winners in bond funds should be moving into intermediate maturities now. Sheldon Jacobs, a money manager and editor of the No-Load Fund Investor newsletter, is taking a more aggressive stance, suggesting that his clients will be better off in the medium-term T. Rowe Price Spectrum Income fund, which invests in six inhouse income funds ranging from top-quality corporates to junk bonds.

"It's in the middle and safe, with an average maturity of about eight years," he said. "If I had more character, 1 might venture into the long-term area, but I haven't yet."

One category of bond funds where maturities don't play as significant a role is the high yield or "junk" bond arena. These funds, which buy corpo-

ment grade, looked like a good place to hide in the first part of protection from interest-rate 1994 because their holdings are hikes but better returns than a more affected by the creditworthiness of the issuing companies than by rising interest rates.

> But in November, as fears grew that a slowing economy would raise the risk of default by junk issuers, Morningstar's high-yield-bond fund group tumbled to a 4.05 percent loss for the year, making it the worst-performing sector of corporate bond funds. Indeed, despite yields of 10 percent or more, junk bond funds are being shunned by many investment strategists.

> A battered sector that is looking better right now is municipal bond funds, the refuge of tax-free income investors. General muni funds plunged 5.3 percent in the first quarter and have continued to fall as funds have been hit with redemptions and year-end tax sales.

"People are bailing out of muni funds because they thought their money was safe and they we lost 10 to 15 percent on their principle since they bought," said John Rekenthaler, editor of the Morningstar Mutual Funds newsletter.

Like most observers, Mr. Re-

kenthaler expects rates to peak sometime in 1995, then start back down. "It's trite to say it." he remarked, "but they won't ring a bell when the bond rally

U.S. Bond Fund **Net Assets**

Total net assets in millions of dollars

Maria Server C. Market Flexible Portfolio

14,836.8 34,973.6 : 44,229.5 32,208.7 58,031.2 60,171.8

Income - Mixed 34,720.7 53,934.3 60,171.3

40,202.7 55,467.1 54,338.6

120,067.5, 116,448.7 91,455.2

53.066.9 . 73.200.5 56.642.0

Global - Bond 31,633.5 38,235.2 35,636.7

Corporate Bond 20,033.3 27,517.1 25,693.2

High Yield Bond 34,258.6 48,708.5 46,016.3

Long-Term Municipal Bond 110.846.4 140.999.4 127.316.5

State Municipal Bond 85,412.9 : 113,578.4 . 109,056.4 * through Dec. 23

Source: Investment Company Institute

For Futures and Options Traders, Rate Shifts Have Meant a Busy Year In Orange County Debacle, a Few Lessons for Small Investors

By Rupert Bruce

AST March 2, when a Bundesbank official warned that the pace of German interestrate cuts would likely lose momentum due to a large rise in the country's M-3 money supply, the European futures mar-kets went wild.

The main financial futures exchanges in London, Paris and Frankfurt suddenly turned into beehives of activity, as young traders in their brightly colored uniform jackets frantically bought and sold futures and options contracts.

Why the strong, immediate reaction? The announcement indicated that many high-rolling investors who were expecting the Bundesbank to continue cutting short-term interest rates had gotten their bets wrong.

"People who were betting on European rates falling were up to their necks in European bonds," said Sushil Wadhwani, director of equity strategy at Goldman Sachs International. When they saw this news they just decided to dump their

Hedge funds, the absolute-return vehicles of rich individuals, as well as bank proprietary trading desks were among the biggest gamblers on the direction of European bonds. These investors had placed their bets through European futures exchanges because the contracts traded there allowed them to leverage their positions and to trade in and out quickly.

The March 2 stampede for

the exits turned out to be the busiest day of the busiest year that European futures exchanges have ever faced.

Analysis have attributed the heavy trading worldwide to the sharp reversal in interest rates both in the United States and in Europe. Mr. Wadhwani says that while investors were not caught as much off guard by events in the United States as year 1993 figures to over 24

built up heavy positions in bonds through the futures markets during the receives and the future for the future fo kets during the previous two up. Many had grown rich, he estimated \$12.3 trillion this added, on a trend that was year. widely expected to continue for a while longer. During 1992 and 1993, more-

over, hedge funds and banks' proprietary trading desks had earned sizable profits and had started to use derivative instruments such as futures and options to a greater extent.

At the Chicago Board of Trade, or CBOT, where the U.S. Treasury Bond future is traded, for example, some 94 million bond futures and 27 were traded this year between January 1 and December 1. This represented n huge leap

from the 74 million bond futures and 22 million bond options contracts traded during all of 1993. And the 1993 volumes were more than 20 percent higher than those of the previous year.

In addition, the combined January-to-December futures Bonds. and options volume at the London International Financial Futures Exchange, or LIFFE, was 77 million this year, up more than 60 percent over all of 1993, while trade in German government bond futures through December 1 soared 89 percent over the full-year 1993 figure to 36 million contracts.

The January-to-December volume of contracts climbed Frankfurt, volume climbed by umes in 1995 like we did like more than 50 percent over full-

they were by events in Europe, million. And at the MATIF in many nevertheless did not ex- Paris, volumes climbed more pect the U.S. Federal Reserve than 30 percent over 1993 vol-Board to raise interest rates as umes to about 68 million. To early as it did (ou February 4). complete the picture, volumes Many large, leveraged invesors on the OTC interbank tors, Mr. Wadhwani said, had also rose significantly. on the OTC interbank market

York, the value of outstanding years, as interest rates had interest-rate swaps should rise headed down and bond prices from \$8.2 trillion in 1993 to an

Behind the boom in derivatives trading, which was strongest during the first half of the year, are healthy trends, note some analysts.

"This is definitely-market driven," said Jim Chrystal, a senior product manager at the CBOT, referring to increased use of derivatives. "More and more people are joining the risk-management game. The pension fund, for example, is getting more actively involved million bond options contracts in our marketplace and endowments and foundations are getting warmed to the idea. Used properly, derivatives can limit risk, despite their dangers that you read about."

Some institutional investors, Mr. Chrystal said, are beginning to use the CBOT's Treasury Bond contract to hedge out the U.S. interest-rate risk in their emerging-market Brady

Few analysts, however, expect the growth in trading volume of futures and options contracts to continue at the same rate this year. "I think that we will not see the same growth in 1995," said Daniel Hodson, chief executive of LIFFE, "Of course, that is subject to any economic upheavals."

Mr. Wadhwani said: "The hedge funds are going to see a elsewhere in Europe as well. At lot of redemptions and proprithe German Futures and Op-tions Exchange, or DTB, in shrunk, so we will not see vol-

A CONTRACTOR OF THE PARTY OF TH

lic officials and numerous press reports have blamed "exotic" derivative securities for the \$2.02 billion loss in Orange County, California's \$7.4 billion investment pool.

But experts say that the largest municipal bankruptcy filing in history is probably not n case of complicated se-Rather, they say, supervisors and investors in one of Ameri-

ca's wealthiest regions committed some of the very simple mistakes that individual investors are often warned against.

Individuals shopping for n mutual fund are usually told that past performance does not guarantee future return. But how many of the cities and school districts that invested in Orange County's investment pool took this into

account? Now cast as the "villain" in curities blowing up in the the Orange County story, hands of financial wizards. county treasurer and tax collector Robert L. Citron was once considered a savior because of the 10 percent annual returns he earned on county funds during more than 15 years in office. Some local school districts even borrowed to put more money into Mr. falling 27 percent. Citron's hands.

But analysts say that Mr. Citron appears to bave ignored the common-sense advice that individuals often hear: Invest defensively and diversify. Instead, he used conventional bonds and derivatives to maximize the yield on his portfnlio and to increase his potential return as interest rates fell.

That strategy payed off beau-

tifully until this year when the U.S. Federal Reserve began a series of rate hikes. The money tumbled drastically in value, "He ignored the time-worn adage that the trend is your

friend," said Charles Fish, chief executive of Fish & Lederer, an investment advisory firm in Orange. "He was so rigid in his belief that interest rates would fall that he didn't bother to take a defensive position once they started to

With his contrarian belief ously, it wasn't."

that rates would continue to fall, Mr. Citron remained confident enough to ignore anothcontributed by depositors er rule of prudent investing: Leverage increases risk. With leverage of about \$12 billion. he built a \$20 billion portfulin.

"To increase your portfolio to three times its natural size all on a bet that interest rates will fall...that type of gambling is simply unimaginable," said Mr. Fish. "It would have been a different matter if the borrowing had been to create a defensive position but, obvi-

BRIEFCASE

New-Year Partying is Costly in Japan

Based on the price of a basket of goods including wine, whis-key, cigarettes and aspirin, To-

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age costs \$150 in Tokyo. The kyo is a more expensive place to next priciest city is Hong Kong. ring in the new year than New where the goods cost \$105.

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SPORTS

NHL Sets Jan. 16 As 'Must Begin' **Date for Season**

NEW YORK - The two sides in the National Hockey League labor dispute apparently have until Jan. 16 to start the season or lose it completely.

With the lockout of players in its 90th day Friday, the league has informed the NHL Players Association in Toronto that if play does not begin hy then, it will be impossible to plny a 50game season,

The NHL commissioner. Gary Bettman, has said that that is the minimum number of games he would consider, and that is the number of games at which the NHL Board of Gov-

Baseball Talks: Mediator Seeks A Little Effort

New York Times Service NEW YORK - The mediator asked by the Clinton administration to try to help settle baseball's lahor dispute is prepared to continue his efforts, but the owners and the players have to indicate they seriously want to negotiate an

agreement. That was the position of Bill Usery Jr. after a meeting with Labor Secretary Robert B. Reich, a persoo familiar with Usery's view

said Thursday, Usery interrupted a Florida vacatioo to meet with Reich in Washington oo Tuesday and brief him oo the talks, the source said.

ernors has authorized him to

cancel the season. We are now at the point that, based upon building availability, the regular season must begin by Jan. 16 in order to schedule 50 regular-seasoo games and full playoffs," Bett-man informed the unioo on Thursday.

He did not issue a deadline to have a deal in place. But Jan. 6-8 appears likely since 8 to 10 days would be required for ratification votes hy both sides and for training camp to be beld. General managers say at least one week of camp is necessary.

The length of time permitted for training camp will determine how much time remains to reach an agreement," Bettman said in his fax.

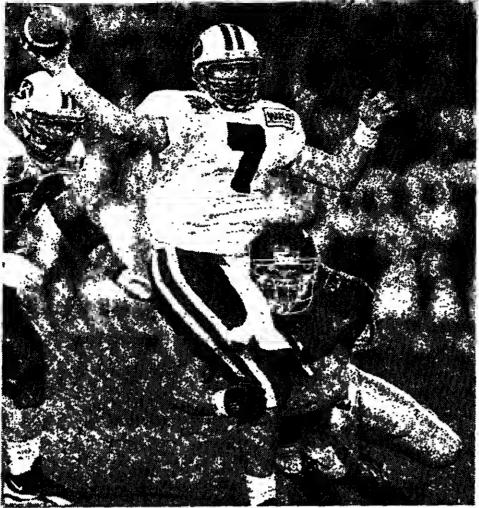
In his reply, a copy of which was obtained by The Canadian Press, the players unioo head, Bob Goodenow, said a union lawyer would contact the NHL counsel, Jeffrey Pash, to set up

more lower-level talks. Goodenow said he hoped those negotiators could work on a deal without a payroll tax and "hopefully advance the oegotiations to a point where it would be productive for us to meet

and conclude an agreement. Players bave resisted the owners' desire to impose a limit oo players' salaries and have rejected a proposed payroll tax as a virtual salary cap.

The NHL spokesman, Arings have been scheduled.

parently are stuck just about where they were to October, unable to settle differences on the issue of a payroli tax.



BYU TRIUMPHS — John Walsh, Brigham Young's quarterback, getting off a pass before being tackled by an Oklahoma defender in the Copper Bowl. Walsh threw for 454 yards and four TDs in leading the Cougars to a 31-6 victory in Tucson, Arizona.

NFL Playoffs, Weekend No. 1: **Everything's in the Wild Cards**

LIONS (9-7) AT PACKERS (9-7): Key stats: Barry Sanders leads the National Football League with 5.7 yards per carry. The Packers have the No. 3 defense in the league against the run, giving up just 85.3 yards

Comments: Losing receiver

NFL MATCHUPS

Sterling Sharpe indefinitely to a serious oeck injury hurts Green Bay physically and psychologically. In the last six games Sharpe had caught 43 passes for 574 yards and 13 touchdowns to help the Packers make a run to the playoffs. Without Sharpe the Packers don't bave a serious offensive threat to counter Sanders on the other side. Brett Farve will have to carry the Packers now. Oddsmakers favor the Packers by 51/2 points.

CHIEFS (9-7) AT DOL-PHINS (10-6): Key stats: The Dolphins have scored 273 points (32 touchdowns and 15 field goals) once inside the opponents 20 — the most in the AFC. The Chiefs are plus 12 in turnover ratio — second in the AFC to Pittsburgh (plus 14).

Comments: Two of the most productive and efficient quarter-backs in the NFL Dan Marino

Sendow, Jen. 18

AFC and NFC Champlonship, 1730 GMT and and Joe Montana, square off in a marquee matchup. But because both teams are aggressive pass pro Bowl of Honoluly, 2300 GMT

rushing attack will probably have the greatest advantage. Miami's rushing attack suffered fewest in the NFL from a bad case of the fumbles Comments: The last week, but they still managed to churn up some yards in crucial situations against the Lions. Don't count out the venerable Marcus Allen. However, you have to like the Dolphins at

home. Dolphins by 3½.
PATRIOTS (10-6) AT
BROWNS (11-5): Key stats: The Patriots average just 2.8

The Playoffs

WILD CARD GAMES Schurdery, Dec. 37
Detroit of Green Boy, 1730 GMT
Konsos City of Altorni, 2109 GMT
Schildery, Jos. 1
New England of Cleveland, 1730 GMT
Chicago of Minnesota, 2199 GMT DIVISIONAL PLAYOFFS

Sobirdery, Jen. 7
Cleveland, Kassas City or New England of Pittaburgh, 1730 GMT
Chicago, Detroil, Green Bay or Minnesoto at San Francisco. 2109 GMT

record plays the surviving wild-card winner with the lowest-ranking record. The division champion with the sec

Super Bowl at Mismi, 200 GMT

rushers, the offense with the best yards a carry — the worst in the rushing attack will probably league. The Browns defense has have the greatest advantage. Mi-

Comments: The Patriots don't care if it snows in Cleveland for this game as long as the wind doesn't start to blow. A strong wind can play havoc with the strength of their offense, which is the passing game. The Patriots have confidence that they can match the Browns in defensive intensity and that's good. Browns by 31/2.

BEARS (9-7) AT VIKINGS (10-6): Key stats: Steve Walsh's 2.3 interception percentage is second in the NFC behind the 49ers's Steve Young (2.2). The Vikings have the No. 1 rushing defense in the league, giving up just 68.1 yards a game.

Comments: There are some wacky numbers involved in this game for the Vikings coach, Denmis Green. Since taking over the Vikings he's 6-0 against Chicago and 0-2 in the playoffs. One of those zeroes will be gone after the game is over. The Bears don't have the offensive firepower to knock off the Vikings, so they'll have to try to do it with their defense and special teams. Warren Moon, who missed the 49ers game with a sprained knee, returns for this one. Will be be mobile enough to escape the rush? No matter. There's oothing wrong with his

release. Vikings by 51/2. Odds by Harrah's.

Schedule for College Bowl Games

SATURDAY, DEC. 31 Aloma Bawi, San Antonio (7-4) vs. Washington State (2-4) Liberty Bowl, Memphis

tbur Pincus, said Bettrmao
spoke with Goodenow hy telephone Thursday but no meetings have been scheduled,

sunday, Jam. 1
Peoch Bewl. Affords
North Corolled Stole 18-31 vs. Miss
State (8-21 igs nave been scheduled.

The owners and players apHebrosko 112-61 vs. Micord 116-11

MONDAY, JAN. 2
Hall of Farne Bowl, Tompa
Wisconsin (4-41) vs. Duke (8-3)
Cress Bowl, Grionde

Flesto Bowl, Tempe, Ariz.
Colorado (16-11 vs. Notro Dame (6-4-1)
Carquest Bowl, Micani
South Carolina (6-5) vs. West Virginia (7-5)
Cartes Bowl, Ballon
Texas Tech (6-5) vs. Southern Catitornia (7-3-1)
Rose Bowl, Papadene
Resp. State, 13,61 vs. Compan (6-5) Penn State (11-8) vs. Oregon (9-2) Separ Bourl, New Orleans Florida (10-1-1) vs. Florida State 19-1-11

East-West Strine Classic, Stanford East vs. West SATURDAY, JAN. 21

SATURDAY, JAN. H

Frazier Gets the Call to Start as Cornhuskers' QB

MIAMI - Tommie Frazier, the Nebraska quarterback whose season once appeared over because of recurring blood clots in his right leg, has been named the

starter for the Orange Bowl game on Sunday, when the unbeaten Cornhuskers will try to win a national college foothall championship against the University of Miami. Frazier, who has oot played since leav-

ing a game against the University of Pacif-

TOURNAMENTS

ic on Sept. 24, will play ahead of Brook Berringer, the starter for seven of Nehras-ka's 12 victories.

Sunday night's game is only one part of what could be a complicated battle for the national title.

If Nebraska, which enters the game 12-0-0 and as the top-ranked team in the country, wins Sunday, it almost assuredly will be named champion when the polls are released next week.

If it loses, all kinds of things could happen. Second-ranked Penn State (11-0-0) is the only other unbeaten team in the country and plays lightly regarded Oregon oo Monday in the Rose Bowl. A victory

there would give it a claim to the title.

If both Nebraska and Penn State lose, Miami, Colorado, Florida, Florida State or Alabama -- all with only one loss entering their bowl games -- can lay a claim to the national championship.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

WESTERN CONFERENCE .578 .667 .640 121. Assisty—Son Arrhenia 23 (Johnson 101, Af-lantig 26 (Bloylock 7).

Originde 30 30 31 31—123 Chorfotte 33 27 31 38—125 O: O'Real 17-34-612-30, Horratows 16-18-2-24.

Bowle 8-11 5-3 22; C: Johnson 11-17-0-0 23, Bur-relle-125-62s, Howkins 7-12-67-23. Cury 16-15-228. Rebunds—O'ricondo 30 (O'Neoi 17), Char-lotte 31 (Johnson 7). Assists—O'ricondo 31 (Horratowy 10). Charlotte 25 (Bosues 17).

Golden State 29 29 25 41—124 Houston G: Qualiotte 8-14-0-0 18, Horratowy 11-18-5-32.

Houston 37 37 25 38-126 G; Gualiatta 8-140-0 18. Hardaway 11-18-5-6-32. G: Gugliafta B-140-0 III, Hardowar II-III >-3.52. Sereweil B-27 7-11 25: H: Horry 7-9 9-0 15. Ciajuwan 14-25 14-16 42, Maxwell 6-12 3-2 15. Rebesunds—Golden State 55 (Gugliafta 12), Houston 42 (Oloiuwan 5), Assists—Golden State 25 (Hardowary 10), Houston 29 (Cossell 10).

Derwer 22 19 29 29— 92
Partitional 26 25 26 26 26-164
D.: R. Wittiams 6-16-1-1 IS, Abdul-Reud 7-12-216; P: C. Robinson 11-21 3-27, Dreuker 7-17-4-4
H, Rabounda—Denver 50 I Mutamba 9), Portland & I ButWilliams (3), Assists—Denver 29 land d2 IBLLVMillhoms 13), Assists—Deriver 21
Abdul-Rourt 4), Pertiond 20 (9trickland 10),
Seattle 22 23 30 19-95
LA. Lokery 25, 25, 25, 27 12-96
S: Kemp 8-21 6-9 22, Schremat 7-11 19-11 23,
LA. Lokers: Compiled 12-19 4-5 28, Cebatics
13-18 8-3 S. Reposeds—Seattle 65 (Kemp 13),
Los Anacles 48 (Compiled 10), Assistin—Seattle 28 (Payton 11), Los Angelos 22
Olam Evel 28 (Payton 11), Los Angelos 22

AP Top 25 Results How the top 25 rooms in The Associated How the loss 25 source in The Associated Floridi St. 84, Detroit 82 Tensyl renal's college backstown past forced Tensyl renal's college backstown past forced Tensyl renal St. 22, No. 10, 10 Control 184-79. Next.: vs. North Carolina-Asheville, Sahurdov; 3. Antenses (18-1) beat No. 20 Cincinneti 84-75. Next.: vs. No. 17 George Doctor of Honolulu, Friday; 7, Dutte (7-2) beat Doctor of Honolulu, Friday; 7, Dutte (7-2) beat Doctor of Honolulu, Friday; 11, Syrocate (8-1) beat LeMarne 19-54. Next; of Spatial College. Tuesday: 12, Georgetown (7-1) beat Deat College. Tuesday: 12, Georgetown (7-1) beat Polifich 87-42. Next; of Polifishurgh, Tuesday: 15, Alkatigen Saute (6-1) beat Ball State 117-85. Next; vs. Long Beach State (1-1) beat Sauth State 117-85. Next; vs. Long Beach State (1-1) College State (17-1) College State (17-

Duke at Hanohuki, Friday; 28, Cinchanuti (8-1) last to No. 3 Arkames 84-75, Next; vs. Hawoll-lawa lease at Hanohukis, Friday; 21, Nebraska (18-1) beat Octawors Shate 94-52, Next; vs. Appelachien State, Saturday: 24, Indiana 18-4) best Arksassa-Little Rock 77-53. Next: at

Other Major College Scores

EAST lesson Coffees 105, Long lakend U. at litisburgh 69, Robert Morris 59 SOUTH Auturn 85, Florida A&A 70 Florida St. 14, Detroit 13 Jockson St. 82, NE Louisione 74 Konsts St. 71, Temessee St. 56 Louisione Tech 65, Jocksonville 63 Lauriand Tech et. Jocksonville 23.
Md-E. Shore 181. Davis & Elkins 68.
Radford 68. Middie Term. 57.
Somford 74. Brewhan-Purker 52.
South Alebeura 58. SW Louisions 52.
Southern Midd. 89. SE Louisions 62.
MIDWEST.

Pocific 14, Cleveland St. as Athertson's Holiday Clesal First Baund

Bobcot Holiday Classic First Hound Michigan 71. Yolo 44 priorus St. 163, Alcorn St. 73 Cable Car Classic First Resed

Brighom Young 74, Son Jose 51, 61 Cestona Citamic Citadel 45. Air Porce 41 Wichite 51. 54, Genzago 53. OT

Carrier Sheetest Championskip Tir. Penner Holiday Classic First Round i. of Charleston 56, Dresel 51 Chartemooga 64, Liberty 42

ECAC Heliday Festival

town BI, CS Northridge 72

AVP Holiday Cleasic

First Round

Bonoventure 79, Texas Southern 77 pdo 73, Sfetson 44 Otts Spenkrosver Classic Third Plays Texas Christian 66, Columbia 64
Pepsi-lana Classic
Championship

rdiano 77, Aric-Little Rock 50 Third Place reporting 51, E. Kantucky 55

N.C. Charlotte 78, New Mexico 75, 11T Third Place

tercuble Labe lat

C-Greensbaro 76, Harvord 65 Seton Half-Meditovicands Tou Chemplomship fon Half 92, Southern Col 72 First Re Michigan St. Portland 64, 11T

SECOND TEST South Africa vs. New Zeolone, finds of Friday, in Dorban, South Africa New Zeolond 1st innings: 185

SAINGSTEE

Women's World Cup Results from Muritipl, France of Friday's stoless with hest lines in summittees: 1, Urake Hravet, Slovenia (39.14-41.01) 1 minute.

(28 45.47 50) 1:20 24: 3. Lello Plomed, Franci (37.35-41.46) 1;20,74; 4, Anito Wochter, Austrio (38,59-41.76) 1;20,76; 5, Pernillo Wibers, Swo-den (37.43-41.79) 1;21.42

1:21.671 7. Potricia Chouvet, France (39.64-1:2LB// 7, Porticial Chouvet, France (39:44-42:51 1:22.15) it, Kotja Setzinser, Germany (40.13-42:06) 1:22.19; 7, Martina Accoba, Swin-pericand (19:94-42.25) 1:22.31; 10, Gebrielo Zingre-Grof, Switzerland (40.18-42.18) 1:22.34. Singland Chountings and (40.18-42.18) 1:22.34. Vrent Schneider, Switzerland, 200 paints; 2. Pernilla Wibers, Swedon, 175; 1. Ursing Hrovat, Slovenia, 143; 4. Patricla Chouvel, Franca, 121; 5. Kristina Andersson, Swedon, 16; 6. Adartina Accola, Switzerland, 112; 7. Beatrice Philliol, Promos, 165; 8. Anita Wochter, Austria, 90; 9. Leftg. Piscard, Charges, 9. M. Angelia, Charges, Natur Zee, Natur Charges, Natur Zee, Natur 200.

France, 89; 10, Annethe Coberger, New Zea-Overall standings (after 11 recest : 1. Held! (etter-Egehier, Switzerland, 485 points; 2.

Vreni Schiebon, Switzeronia, 4607 J. F. Orla Selzinger, Germany, 1973; A. Pernillig Whena, Swetten, 345; S. Hitary Ljndh, Juneau, Alcaka, 304; A. Martine Ertl. Germany, 275; T. Urkaka Hranat, Slovenia, 250; B. Picabo Streeti, Sun Valley, Idoba, 255; W. Sabina Pantonini, Ibav, 212; 10. Anna Wochter, Austria, 211.

Vreni Schneider, Switzerland, 466; 3. Katla

BASKETBALL Notional Buskethall Associate

SEATTLE-Suspended Vincent Askew. guard, for one pame for condu to team and against policy. FOOTBALL

NFL—Normed Atlanta Entons were re-er Terrance Mathis to NFC Pro Bowl learn, respecting Sterling Shapes of Green Bay. DENVER—Fired Wode Phillips, coach. SEATTLE—Fired Tam Flores, coach: Tamery Brosley, defensive line coach; Bob wski, wide receivers cooch: Davi tin, quality control coach; Larry Kernant, at-termine coordinate-courterbacks coach; An-nie Matisumato, staff assistant coach; Pour Mayer, defensive line coach; Ross Purnell, special teams-tight ends coach; Frank Rolnes, strength and candillanting coach; Clarence Shelman, running backs coach, and Rusty Tillinian, defensive coordinator-tine-backers coach.

DENNIS THE MENACE



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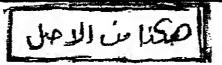
THE FAR SIDE



from dismembered body parts than a hu little grave robber like you!"

BLONDIE





Slovenia's Hrovat Stops Schneider's Slalom Streak

SPORTS

MERIBEL. France -Urska Hrovat of Slovenia took advantage of a slow second run by Vreni Schneider 10 hand the Swiss star her first World Cup slalom defeat of the season on Friday.

It was the second career victory for Hrovat, who had 6 time of 1 minute, 20.15 seconds for the two runs. Schneider, who won the first two slaloms of the season, fin-ished in 1:20.24.

Schneider led after the first heat in poor weather condi-tions. The morning run was done in a light rain and a fog suddenly came in the middle

Hrovat had the best time of the second heat with 41.01. At 41.59, Schneider was only fourth best. "Maybe I tried too hard in

the second run," Schneider said. "When I crossed the line and saw I was second I was upset, I didn't like it." But sometimes you have to

be pleased with second," she added. "We're human and some days are better than others," Hrovat said. "I had a good day

today.' Third went to Leila Piccard of France, 1:20.74.

Hrovat's only other World Cup victory came in a slalom at Maribor, Slovenia, last Jan-nary, also with Schneider in second place.

Hrovat was excited to beat Schneider again, especially outside of Slovenia. Sometimes people think it

is easy to win at home hu everywhere it is difficult," said Hrovat, 20. "I was happy to win in France because it was

far from my home."
Anita Wachter of Austria was fourth at 1:20.78, with Pernilla Wiberg of Sweden fifth at 1:21.42. Wiberg raced in a sudden fog that came and went quiekly in time for the top four racers to run in rela-tively clear conditions. Heidi Zeller-Baehler of

Switzerland held onto the overall lead in the World Cup standings with 485 points although Schneider moved eloser with 466. Zeller-Baehler did not race the slalom Friday.

Katja Seizinger of Germany, the Olympic downhill champion, is now third with 393 points. She finished eighth on Friday in 1:22.19.

A men's giant slalom here was canceled last week and there was barely enough snow to handle the short women's race. Falls on the slippery course eliminated top competitors Beatrice Filliol of France and Deborah Campagnoni of Italy on the first run.

The women have a New Year's break and their next races are scheduled for Haus im Ennstal, Austria, with a super-G and giant slalom Jan. 7-8.

The men return with a giant slalom tentatively set for Kranjska Gora, Slovenia, Jan. 6 with a slalom at Garmisch-Partenkirichen, Germany, on

Both men and women are set to run super-Gs on Jan. 10 at Flachau, Austria.



Urska Hrovat edged the Swiss star Vreni Schneider on the second run of the slalom on Friday in Méribel, France.

Autissier Makes Radio Contact With Rescuers

SYDNEY — The French sailor Isabelle Autissier, who has been adrift in huge sub-Antarctie seas for two days, made radio contact on Friday with a rescue aircraft and said she was well and not sinking, the Australian Maritime Safety Authority said.

"She was asked how she was, and said she was in good condi-tion and not afraid of the yacht sinking," said a Maritime Safe-ty Authority spokesman, Keith tired and had gone below to try and get some sleep," he said. Rescuers had feared they would lose track of her because

Hopper. Autissier said the rear compartment of her dismasted 60- before Sunday. foot (18-meter) yacht, Ecureuil Poitou Charentes II, was flooded and that she had lost all steering

capability, Hopper said.
"She also reported there was a of the yacht, which she had covered with a small sail for protective authorities had made ered with a small sail for protec-tion from the seas." Hopper said.

ning to rescue her. He said Autissier contacted an Australian Air Force Orion P3C anti-submarine aircraft using a small emergency radio dropped to her from another aircraft on Thursday. But it was still not known why she had taken so long to make contact. "We can only guess she was

her two emergency radio bea-cons would run out of power

But Autissier heard a radio broadcast Friday warning her to turn off one of the beacons before they both ran out of power, said Hopper, adding five-foot hole in the coach roof that a third beacon had been

an urgent plea on Friday for "Autissier said she had plen- international radio stations to ty of food and water in her broadcast the beacon warning. stores," he added.

Autissier, 38, had been head-She did not say what had ing for Sydney in the second leg

happened to her yacht, which is of the BOC Round the World being battered by 40-knot Solo Challenge when she actiwinds and huge seas.

"Most of the conversation was telling her how to use her winds and huge seas.

"A Hercules aircraft found

emergency radio beacons and Autissier's floundering yacht what to do when the HMAS pitching wildly about 900 nauti-Darwin arrives on Sunday," cal miles south of Tasmania on Hopper said, referring to the Thursday.

SIDELINES

International All-Stars Top AC Milan

MILAN (Reuters) - An international all-star team handed AC Milan, the European soccer champion, a 3-2 defeat in a charity

The all-stars were lead by Hristo Stoichkov, the Bulgarian who was named European player of the year. But the young Greek striker Nikos Machlas of OFI Crete stole the show, scoring twice.

Milan's Croatian midfielder Zvonimir Boban put the Italians ahead in the 39th minute but the American Tab Ramos, who suffered a fractured skull in the 1994 World Cup finals, leveled in the 64th minute. Machias shot the all-stars ahead three minutes later before Paolo Di Canio equalized with a spectacular bicycle kick eight minutes from time. But Machlas had the final word, his 25-meter shot hitting Milan's Gianluca Sordo and looping over goalkeeper Mario Jelpo.

NFL Broncos Fire Phillips as Coach

DENVER (Renters) — The Denver Broncos fired their head coach, Wade Phillips, after the National Football League team finished the season with three successive defeats and failed to make the relevoste make the playoffs.

The Broncos also fired the entire coaching staff on Thursday. The defensive coordinator, Charley Weters, who resigned earlier in the week. The Broncos finished the season in fourth place.

'Surprise

Alabama Defeats Cal, 76-73, in a White-Knuckle Ending

Alabama gave a lesson in how not to conduct business down the stretch of a

with a 76-73 decision in overtime Thursday night, as Alabama won the Otis Spunkmeyer Classic at the Oakland Coliseum.

Alabama survived a foul at the buzzer of regulation and two turnovers in the last 27 seconds of overtime.

"Really, I don't know how we let them get into overtime. That was kind of a gift in itself," Alahama coach David Hohbs said, "And then for our guys to hang in there with the disapthe game was big for us."

Alabama took a 74-70 lead with 43

seconds left in overtime, but Monty Buckley hit a 3-point basket for Cal with 27 seconds remaining. The Golden Bears got the ball back with seven

Artie Griffin pieked him clean.
No. I North Carolina 98, Old Do-

basketball game — and still won.

The Crimson Tide handed No. 14

California its first defeat this season,

Jerry Stackhouse had 29 points and

COLLEGE HIGHLIGHTS

Rasheed Wallace added 24 points and 13 rebounds, North Carolina (8-0) dominated the boards by a 42-32 mar-gin, and Wallace hlocked four shots. goes 34 minutes each night. He is the Syracuse coach Jim Bocheim had his Mike Jones led the Monarchs (5-6) heart and soul of our team."

we played together as a team."

No. 3 Arkansas 84, ivo. 20 Cincinnati ankle. 75: In the Rainbow Classic at Honoluseconds left. But as Jelani Gardner limited Cincinnati (8-4) to one field Duke's coach, Mike Krzyżewski.

dribbled into position for a 3-point try, goal in the final eight minutes. The Artie Griffin pieked him clean.

Solution for a 3-point try, goal in the final eight minutes. The defending national champion Razor
85: In another Rainbow Classie conso-

minion 79: The visiting Tar Heels used liamson and 20 hy Scotty Thurman. Corey Beck, playing with six stitches in his left foot after cutting it on coral while swimming, had 10 points and 11 assists for Arkansas, which will play

lowa in the tournament final. "That's what makes him a winner." Richardson said. "Most kids wouldn't

with 25 points. Old Dominion's top player and inside force. Odell Hodge, 54: In a Rainbow Classic consolation is out for the season with a knee injury. game, Cherokee Parks had 22 points "We played one of our best games of and 12 rebounds for Duke (7-2). pointment and to come back and win the year," coach Dean Smith said. "We Freshman Ricky Price, the Blue Devshot well, we played defense well, and ils' second-leading scorer, missed bis third straight game with a sprained

> "This is a young team trying to get lu. Arkansas (10-1) turned up the de-fensive heat in the second half and stay with them and keep fighting," said mento Holiday Classic.

backs got 27 points from Corliss Wil- lation game, James Forrest had 23 points and 14 rebounds and Travis Best scored 18 points for Georgia Tech (8-2). The victory set up a match for fifth place egainst Tech's Atlantic

Coast Conference rival, Duke. No. Il Syracuse 94, LeMoyne 54: Despite the 40-point margin, the Orangemen (8-1) actually took pity on

Syracuse coach Jim Boeheim had his starting five on the bench before the game was eight minutes old and played his entire roster.

"You judge a game like this hy how many records Syracuse doesn't set." LeMoyne coach Scott Hicks said.

No. 12 Georgetown 87, Fairfield 42: Georgetown (7-1) used stifling defense to hold the Stags (6-4) to two points in

Othella Harrington had 13 points

and his eight rebounds moved him into 16th place on Georgetown's career re-bounding list with 586 — two ahead of NFL commissioner Paul Tagliabue. No. 15 Michigan State 117, Ball State 95: Shawn Respert scored 20 of his 23 points in the first half speaking

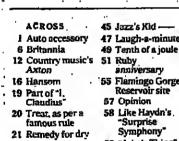
his 33 points in the first half, sparking Michigan State (6-1) in the first round of the Spartan Classic in East Lansing, Michigan. The Spartans pley Long Beach State for the championship. Ball State (5-2) played without lead-ing scorer and rebounder Steve Payne,

who was suspended for academic rea-

sons hy coach Ray McCallum. Penn 79, No. 25 St. John's 73: Matt Maloney, who had five 3-pointers in the first half, connected on another as the Quakers (6-1) pulled away in the second half for the ECAC Holiday Festival championship at Madison Square Garden in New York.

per game, made 11 of 22 against the Red Storm (7-1). Maloney was 6-for-10 and had 24 points.

A NEW BEGINNING By Henry Hook



60 "Jake's Thing" 22 First president of Korea 23 Event at which people have a 62 Full of holes

27 Senction 28 Cousin of a

30 it's all downhill 31 Barely contai 33 Joolin tune

39 Land

67 Stimpy's pal 70 Additionally 71 Modriteno's 72 Plankton 74 Our wish to you 78 Three-—-(multipurpose) 79 Sink 21 History chaptes 40 One of the 82 Traffic jam 84 Army -42 "Get off -44 Hearty qualf

89 Stack of oldies. 19 Tenth of a joule Flamingo Gorge Reservoir site 91 180° from norte 92 One of the Vandorbilts 58 Like Haydn's 94 First name in 95 Not one to go 100. "Understood 64 Hugger-mugge t02 Dude 103 Bridle's mouthpiece 105 Singer Carey t07 Adolphe -musical instrument 108 Shaped like an

t 12 Tony nomined for "Mass 116 Beak 118 Neat 116 Titular tenor in Verdi opera 121 Where heros an 125 Pa neighbor 126 Timely opening words

D New York Times/Edited by Will Short:

t31 Improbabl 133 What it is 134 Sans smoo 135 Par Abbr 136 Revue piece 138 Mythica

26 li can move) Harass publick 34 Outfit 2 "Set what I got! 36 Not mere pudgy 37 Sitarist's 4 Former White House infts. 5 Subject of a 1917 41 Kind of pilot 43 Psychic autho

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SI Capacila Stranger" (1955 12 Waits fut 13 Flamenco accolade

.52 Frigates 53 Leaves the past 54 Tire pattern

15 Go for a ringer

16 New Year's

17 You may See it

22 Beef cul

24 Awaited

25 The same

77 Fuel ship of a more offensive 80 Lake Malawi's old name 83 New London Tonnant 87 Piccadilly Circus

65 Soviet poet Mandelstan

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68 It'll last for days

71 Readies quick

73 Gulf of Guine

75 Cheese city of

devours a spud

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88 J.F.K.'s Boston 90 Stir Crazy star 93 Erstwhile 96 Surpass Nolan

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109 Female stan

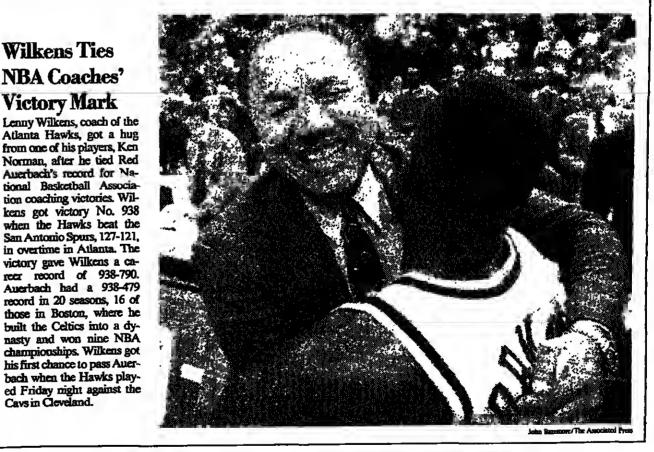
110 Glossy cove 113 Stick in the 129 --- pasa?" 130 Emulating Solution to Puzzle of Dec. 24-25

124 Boglike

127 Refuge

Wilkens Ties NBA Coaches Victory Mark Lenny Wilkens, coach of the

from one of his players, Ken Norman, after he tied Red Auerbach's record for National Basketball Association coaching victories. Wilkens got victory No. 938 when the Hawks beat the San Antonio Spurs, 127-121, in overtime in Atlanta. The victory gave Wilkens a career record of 938-790. Auerbach had a 938-479 record in 20 seasons, 16 of those in Boston, where he built the Celtics into a dvnasty and won nine NBA championships. Wilkens got his first chance to pass Auerbach when the Hawks played Friday night against the Cavs in Cleveland.



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POSTCARD

A Conspiracy of Cats

By Craig R. Whitney
New York Times Service

BONN — In a country racked over the past three years by rightist violeoce against Turks and other foreign immigrants, it may come as a surprise to learn that the bestselling author of popular novels in Germany is a man who was

born in Turkey 35 years ago. Akif Pirincci was 10 when his parents brought him and his sister to Ulmen, a small town in the Eifel hills near, here where his mother and father worked in a textile factory. "I was always being kicked out of school," said Pirincci, his hrown eyes twinkling behind a pair of rimless glasses. "All I ever wanted to do was to become an artist --I never understood why l

should have to learn geometry."
But he did learn to write and speak German like a native. He is a German citizen now, and his best-selling book "Felidae," has sold between 1.3 million and 1.5 million copies here.

The author is anything but modest in his ambitions. "I worked very hard to make 'Felidae' a success, so I'm not surprised that it became one."

A detective story in which a mass murderer, the sleuth who unmasks him and most of the other principal characters are cats, "Felidae" is also full of darker overtones. The murderer men in the world have died sud-is a sort of feline Josef Mengele denly from a mysterious virus, who tries to create a master race and women evolve a new society of cats fierce enough to take the over the following 30 years. I am world back from their human writing this book especially for oppressors and who kills off those who fail to follow the strict to think, 'How could he know so hreeding rules he sets for them.

"Everyone wants to rule the world," concludes Francis, the turned to Turkey 10 years ago, story's cat-detective and oarra- once a year. "I feel proud when I tor, "and every species believes am in Turkey," he said. "I'm that it's number one." One cat very famous, but my books are character in the novel refers not translated there - they contemptuously to human beings as can openers.

The title is the Latin generic

Europe

when he discovered it in an encyclopedia a few months after starting the novel in 1988, he and his wife, Uschi, were living

in a student garret. After he graduated from college, he studied filmmaking in Vienna, theo tried to make a living writing screenplays. "I had been writing film scripts. and one after another had been turned down. I was a real failure. But I wanted to write a classic detective story, and l also wanted to write about cats...

"One day, I was looking out into the garden in back of the house and saw Cujo, my tom-cat, watching the other cats hack there and sniffing around. a lot of prowling around, and 1 thought to myself — this is the perfect criminal milieu — the night, lust, sex and murder. Cats really do kill each other.

Pirincci also does oot want to be pigeonholed, if that is the right word, as a cat fanatic, although bookstores here have whole cat corners devoted to "Felidae" and "Felidae II" and featuring cartoons from the animated movie of "Felidae" that was released in Germany this fall, complete with grownup fe-

line love scenes.
"I am writing a book now that is based on the notion that all the women," he said. "I want them much about us?

He visits his parents, who redon't have the money.

Dave Barry's review of 1994 term for the cat family, and will appear Monday.

For What Ails You: Facing '95, Almanac in Hand

International Herald Tribune

DARIS - The year that has just I ended is always better than the one to come, says the most depressing French proverh ever uttered. Still, the New Year and its demons must be faced and one of the most ancient ways to give it a semblance of order and bounce is an almanac.

Having begun as useful guides 10 tides and seasons ("Look in the al-manack; find out moonshine," Shakespeare wrote in "A Midsum-

MARY BLUME

mer Night's Dream"), almanacs became decorative wall calendars or, in book form, albums of information and tales to get through the year. The Louvre has a show coming up of 17th-century almanacs, showing how they were also used by Louis XIV as political propaganda. One scene is called "The Triumph of Happiness and the Glory of France" and the Glory of France."
The Louvre show doesn't open un-

til Jan. 20, which is ridiculous as one needs Triumphs of Happiness and Glory as sooo as the icebag has melted and the sermons and soda water are out of the way. In the meantime, two ancient and still published alma-nacs can be consulted, France's Almanach Vermot, which first appeared in 1886, and New Hampshire's Old Farmer's Almanac, which

has had only 12 editors since 1792. The Vermot traditionally opens with a picture of the president of the republic and of every single deputy in the National Assembly. "The French don't know what their deputies look like, they're quite happy to see them," says Claude Turier, the editor, in an interesting reflection on the French voting system. Since 1995 will bring presidential and possibly parliamentary elections, Turier has been worrying for some time mainly about getting the photographs for 1996, which may account for the fact

that the 1995 edition is rather weak. The usual mix of recipes, horrible puns, off-color jokes and gardening tips is aimed, oot altogether successfully, at a younger and less rural readership. "Farmers don't need al-manacs anymore," Turier says. They have Minitels and booklets of

advice from their union." The Vermot, he says, is less a tool these days

In the past, the Vermot could be counted on for seasonally useful tips: slices of pointo will reduce swollen ter, and a nervous crisis as the clock

The Vermot once gave advice on tween apogean, neap and syzygy

rain and drizzle, mist and fog.

One would surely rather eat the Vermot's Saint Pierre aux Truffes than mulch through the Farmer's Almanac's East Texas-Pennsylvania Ranch Eggs (whose ingredients include red peppers, Monterey Jack cheese and chocolate), but, hardier than the Vermot, the Farmer's Almanac does oot stint oo predictions for

Chainsaw art will be big (a life-size moose hacked out io this medium has already fetched \$4,000), hair dye sales will increase as baby boomers ap-

than a diversion.

eyelids, hiccups can be cured by swallowing a spoonful of vinegar, chewing three or four grains of pepper or soaking the hands in hot wastrikes 12 can be averted by sniffing

deeply at a slice of onion.

Another chunk can be inhaled the morning after or added to three kilos of chopped onion in which the feet are soaked in case of fever.

The most useful household medicine used to be cahbage, whose cooked leaves cure arthritis, kidney colic, prostate problems, sprains and boils. The necessary cure for the all-pervasive household smell of cabbage is a towel soaked in vinegar and placed on the lid of the pot in which the cabbage is cooking.

how to clean a dirty beret, a typically French problem. American readers of the Farmer's Almanac learn the barely discernible difference between a sweet potato and a yam, and be-

More cunningly devised than the Vermot to appeal to city slickers with rural fancies, the Farmer's Almanac gives gestation tables for goats and maunders on about tomato plants mulched with vetch. It lists the average lifespan of household appliances years for an electric shaver, 14 years for a fridge) and explains precisely the difference between light

1995. So hold oo to your hats:

proach 50, ashtrays will become collectibles as more people stop smoking. Hurricane names for 1995 include Allison, Dean, Luis and Wendy.

Quoting a London magazine that keeps track of such things, the Farmer's Almanac says that 1995 will show a 3.5 percent increase in bizarre happenings compared to 1993 (sample bizarre happening: a deaf man in Sweden was cured when doctors plucked a 47-year-old bus ticket from his ear). Not bizarre but unpleasant, the periodical cicada will reappear, as it does every 17 years, along the U.S. East Coast.

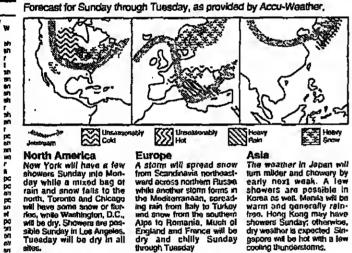
The Farmer's Almanac also has very detailed weather forecasts over which a veil (of mist? light rain? fog?) will be drawn this year since it disgraced itself by predicting that the recent tepid autumn would be excep-

predicting that there is cold weather ahead and by suggesting we face it with our hrightest and falsest smiles - not from stoicism but because as Thomas Hardy wrote, cold weather

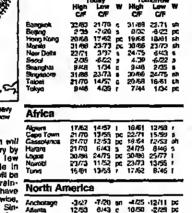
shows us as we really are: "Cold weather brings out upoo the faces of people the written marks of their habits, vices, passions and memories, as warmth brings out on tionally cold. On the other hand, no one is exactly going out on a limb in The message for 1995 is stay cool.

WEATHER

CF bh CF bh



Middle I		-					Latin Am	Today			Tomorrow		
	High CR	Low C/F	w	High C/F	LOW			High	Low C/F	w	High	LOW C/F	
Sekul	16/61	13/55	•	17/62	14/57	MT1	Business Aires	38/97	27/60	5	36/97	22/71	bx
Califo	18/61	9/48		19/66	12/53		Caracas	28/83	21/70	6H	28/82	21/70	
Demencus	10/50	4/39	C	12/53	6/43	377	LITTE	24.75	19:63	pc	23/73	18/64	po
Jorumeletti	12/53	8146		13/55	3/46	30	Menora Cay	23/73	7:44	DC	23/73	4/36	D
Lunca"	18/64	1/34		22/71	6/43	ē.	Rio gellaneiro	34/23	22:71	DC	33/91	23/73	pt
Flyach	19/66	B/48	DC	19/56	8/46	•	Service	31.88	9/48		28/82	12/53	,



Asia

PEOPLE

ing the artist's masterpieces on T-shirts, oeckties and watches without permission. Claude Picasso. administrator of the Picasso estate, has filed a lawsuit against Neil Norman, seeking damages cert acts, and a court order barring Norman from selling Picasso merchandise.

Chasen's, the Hollywood restaurant that fed Jimmy Cagney, Alfred Hitchcock, Humphrey Bo-gart and Ronald Reagan, will serve its last meal next spring. The 58-year-old eatery will close on April 1, and in its place will rise a shopping center. Chasen's was founded on Dec. 13, 1936. after Harold Ross, editor of The New Yorker, urged his comedian friend Dave Chasen to get out of show business and pursue his true taleot
— cooking. Chasen's wife, Maude, began running the restaurant after her husband died in 1973.

The Rolling Stones are the biggest money-makers in the concert industry, taking in \$121.2 million with their 1994 "Voodoo Lounge" tour. the trade magazine Pollstar reports. The Stooes' success - and lucrative tours by Pink Floyd (\$103.5 millioo) and the Eagles (\$79.4 million)

HE heirs of Pablo Picasso have accused a - made 1994 the richest year ever for the Beverly Hills, California, man of reproduc- coocert industry, pushing ticket sales to a record \$1.4 billioo. Barbra Streisand (\$58.9 million) and the Grateful Dead (\$52,4 million) rounded out Pollstar's five most lucrative con-

Brigitte Bardot says she is leaving Saint-Tropez, the French Riviera fishing village that her presence helped transform into a playground of the rich and famous, Bardot said her Paris-based animal-rights foundation oow takes up so much time that she cannot be so far away. Besides, she said, "Saint-Tropez is no longer Saint-Tropez for me. Everything has changed too much."

Buckingham Palace has denied as "complete nonsense" a claim by Donald Trump that Prince Charles and his estranged wife, Princess Diana, have joined his Mar-a-Lago Club in Florida with each putting up a \$50,000 membership fee.

The reggae singer Shabba Ranks gave his mom a holiday gift too hig to wrap: a house complete with a swimming pool and gymnasium. Coustance Christie has moved into the two-story. five-bedroom bome in Jamaica, reportedly worth \$1 million. Her son has his own bedroom with a



Shirley MacLaine acknowledging the applause in Munich after the opening concert of her European tour.

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